2023
INTEGRATED REPORT

NH INVESTMENT & SECURITIES



NH INVESTMENT & SECURITIES

ABOUT THIS REPORT

OVERVIEW
NH Investment & Securities (NHIS) had published its Sustainability Report since 2018 on a regular basis, and in 2020 we began to publish an Integrated Report, which combines the Annual Report and Sustainability Report. This report gives a detailed description of the major activities and progress we made including the process of creating economic, social, and environmental values.

REPORTING GUIDELINES
This report was created in accordance with the Global Reporting Initiative (GRI) Standards 2021 and applied the Ten Principles of the United Nations Global Compact (UNGC). In addition, to reflect key issues from industry characteristics, the report complies with the industry standards of the Sustainability Accounting Standard Board (SASB) and disclosure recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It was created by referencing the IR Framework of the International Integrated Reporting Council (IIRC) in accordance with the Korean International Financial Reporting Standards (KIFRS).

REPORTING PERIOD
This report provides information on NHIS activities and achievements from January 1 through December 31, 2022. In case of some major quantitative performance, the report includes three-year data from 2020 to 2022 and performs a time series analysis on the data. In case of key information that could affect stakeholders, the report contains information prior to 2022 and the first half of 2023.

REPORTING SCOPE
The reporting scope is business sites in Korea including the NHIS head office and branches, and does not include subsidiaries. The scope of the environmental performance specified in this report is limited to the head office, and includes the activities and performance of branches or overseas sites if necessary. The reporting boundary for each important issue was indicated using footnotes.

INDEPENDENT ASSURANCE
This report was assured by the Korea Management Registrar (KMR), a professional independent third-party assurance agency. The assurance was carried out in accordance with AA1000AS (v3 2020) and AA1000AP 2018, which are international assurance standards, to result in increased objectivity and credibility of report content. Detailed results can be found in the “Third-Party Assurance Statement” in the Appendix.

CONTACT INFORMATION
To ensure increased access to information for our stakeholders, this report is posted on the NHIS website and available to be downloaded in PDF format. We collect feedback and comments on this report through various channels including e-mail, regular mail, and phone.

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New Horizons, Taking New Challenges

Although 2022 was a year when COVID-19 saw an end to the three-year pandemic phase and finally transitioned into an endemic, the financial industry was faced with increased uncertainties due to the unprecedentedly high interest rate policy by central banks of many countries. In a time of complex crisis, NH Investment & Securities (NHIS) seeks to contemplate its fundamentals and mission which should remain true while securing a new growth engine.
To this end, we made concentrated efforts to solidify the fundamentals that we should focus on as a “Platform Player”, leading capital markets, and uncover growth opportunities through a full-fledged ESG integration which combines ESG with finance.

As such, NHIS will ponder upon what our fundamentals are, prepare for the future that we are striding into, and open a new horizon of sustainable growth.

Reaching New Heights

NHIS is a platform player to bridge the demand with the supply in the capital market. As this is the essence as well as a goal of our business, we will firmly establish ourselves as a comprehensive financial platform while relentlessly seek to transform to fulfill the roles required by clients, market, and society. We will continue making unlimited challenges and set up a new standard of growth through a client-oriented perspective.

Our Basics #01

CLIENT-CENTRIC MANAGEMENT

Clients are the reason for being of NHIS.

NHIS has set a sustainable growth goal based on client-centric business philosophy and made concerted efforts to better understand clients' needs. Clients' trust is what we value the most as we make our best endeavor to become a true advisor and partner. Such efforts earned NHIS the highest score in the client satisfaction survey conducted in 2022.

Please refer to the "Client-centric Management" part of this report for more information.

Our Basics #02

TALENT-FIRST CULTURE

People-centricity constitutes the corporate culture of NHIS.

The financial industry is grounded on trust, and the growth of NHIS is also founded upon trust from clients. NHIS has put in diverse efforts ranging from recruiting talented employees to developing core talents so as to nurture the entire employees that lead the company's growth to step up as advisors and be acknowledged by clients. Furthermore, we recognize the value of diversity and inclusion and are making earnest efforts to establish a corporate culture in which employees can enjoy making new challenges and appreciate dynamic atmosphere.

Please refer to the "Respect for Human Rights" part of this report for more information.

Our Basics #03

DIGITAL-DRIVEN INNOVATION

Digital is the competency as well as the future of NHIS.

Digital transformation has been an unavoidable trend, which further accelerated due to the pandemic. NHIS is responding to such changes in a proactive way while paying keen attention to heightening the digital competencies to spearhead new trends. In addition to the launch of “NAMUH Premium”, a subscription-based contents service in 2021, we went on releasing “NH All-One Account”, a platform for integrated wealth management in 2022. These milestones truly differentiate NHIS and we continue making new challenges as a platform player that suits the digital era.

Please refer to the “Digital Finance and Platform” part of this report for more information.

Charting New Way Forward

The call of the time for corporates to create ESG values is ever increasing. Now, ESG has become the growth strategy which serves as a prerequisite for a sustainable growth of the corporates and the society. Furthermore, ESG is opening a new path for growth if an organization is prepared for the ESG initiatives and NHIS will stand firmly on this path. NHIS, as part of the pan-Nonghyup Group, will strive to seek ways to co-exist with the natural environment and the community, based on solid ESG governance, thus taking the lead to step into the new future.

ESG Integration #01

GREEN IMPACT FINANCE

Transition into a low-carbon society is a prerequisite for a future of ESG.

Recognizing the importance of finance in achieving net-zero, which is the call and mission of the era, NHIS is committed to leading “Green Impact Finance” by fully leveraging its capabilities. 2022 was a year when we were dedicated to expanding our businesses where sustainability and profitability can co-exist and made rapid strides towards Green Impact Finance by bolstering the ESG research capabilities and creating the Carbon Finance Team.

Please refer to the “NHIS Business” part of this report for more information.

ESG Integration #02

AGRICULTURAL IMPACT FINANCE

We add value to the agricultural industry by amplifying positive impact of ESG.

With the sense of pride and responsibility as being a member of pan-NongHyup Group, NHIS drives diverse social contribution activities to help farmers enjoy happier, more affluent lives. In 2022, we carried out such campaigns as “Building Community Town” project which was participated by 964 employees, support for agricultural communities which continued from 2019, and online marketing programs to help broaden the sales channel for the farmers. This endeavor has contributed to the development of agriculture and agricultural economy as the foundation for Korea’s economy, but also diffused virtuous impacts across the nation.

Please refer to the “Win-win Management” part of this report for more information.

ESG Integration #03

ESG INTEGRATION FRAMEWORK

Governance is not only a foundation but also a driver for the implementation of ESG.

NHIS has been committed to establishing a solid ESG governance to proactively respond to the trend of ESG integration which is expected to accelerate. In 2022, we strived to lay a solid foundation for practical execution of ESG management by revamping ESG-related organizations as in the creation of a dedicated carbon credit team and fostered a company-wide ESG execution capabilities through employee engaged trainings and campaigns.

Please refer to the "NHIS Approach to ESG" part of this report for more information.



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CEO Message



NHIS will take the lessons of 2022 as a turning point to make a greater leap forward and put in utmost efforts to achieve a better performance in the future.

To our stakeholders,

2022 has been a year when the market was more unpredictable than ever due to concerns on inflation and sharp rise in interest rates. An increase in the financial market risks led to shrinking investment sentiment, which in turn brought down the profitability of the Korean securities industry, and NHIS was not an exception. Challenging market circumstances, however, cannot justify declining profitability. NHIS will therefore take the lessons of 2022 as a turning point to make a greater leap forward and put in utmost efforts to achieve a better performance in the future.

Looking forward, the financial market in 2023 will not be exempt from continued interest rate hike and tightening policies and the financial investment sector is expected to see more fierce competition. Against this backdrop of changing market and competitive landscape, we will stand firmly regardless of the uncertainties and strive to grow continuously through relentless change and innovation.

NHIS will always prioritize client-centric management philosophy which upholds clients' value the most.

We will develop our business from clients' perspective, endlessly seek what their needs are, and contemplate thoroughly to meet their financial investment goals, making ourselves as a true partner. The way we operate our business will be founded upon client values enhancement and the use of limited resources will be prioritized for client satisfaction to accelerate the creation of new client values.

NHIS will further strengthen the business portfolio with focus on sustainable growth.

NHIS is committed to achieving stable business by establishing a balanced business portfolio and thorough risk management, which enables us to respond to the continued uncertainties in the financial market. On the back of revenue diversification through business portfolio adjustment and new business identification, we will generate stable revenue under diverse market circumstances while strengthening the risk management framework will bring about quality growth of our business.

NHIS will advance the ESG management and fulfill our corporate social responsibilities to realize a sustainable growth.

ESG is drawing greater attention across the society and has evolved from merely a business theory into a grand opening of new business opportunities as its importance is only bound to grow further. With the launch of the ESG Committee in 2022, NHIS has laid a foundation on which the company's ESG management can be advanced, while rolling out such broad ESG activities as expansion of green investment and participation in the voluntary carbon market to not only create social value but also enhance our corporate values. Furthermore, we will endeavor to enhance shareholder values through active implementation of shareholder return policies and stronger communication with shareholders.

I would like to extend my heartfelt gratitude for the support towards the development of NHIS business and would also appreciate when such unwavering trust and encouragement continue in moving forward.

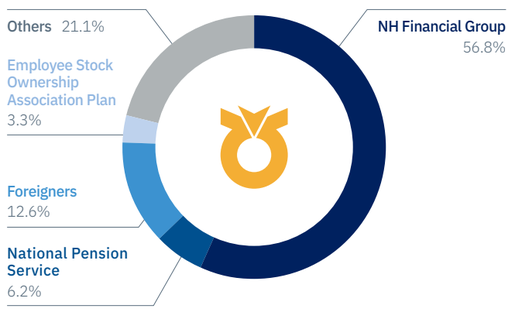
May 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

COMPANY PROFILE

NHIS has been implementing client-centered management, based on which we have has grown into Korea's leading comprehensive financial investment company with overwhelming competitiveness in all business areas. In the rapidly-changing financial environment, we will continue to grow by offering distinctive services and establishing a comprehensive business portfolio.

Shareholders' Ownership Structure



Credit Ratings

Moody's
Overseas Credit Rating (Long-term)
A3

S&P
Overseas Credit Rating (Long-term)
A-

Domestic Credit Ratings
Korea Investors Service, Korea Ratings, NICE Investors Service
AA+

* As of the end of December 2022; and based on common share

AT A GLANCE

Founded
Jan.1969

No. of Employees
3,136

Total Assets
KRW 53.4 trillion

Shareholders' Equity
KRW 7.2 trillion
Controlling Shareholders' Equity: KRW 7.2 trillion

ROE[1)]
4.3%

Operating Income
KRW 521.4 billion

Pre-tax Income
KRW 440.2 billion

Net Income
KRW 302.9 billion
Controlling Shareholders' Net Income: KRW 303.4 billion

Domestic Branches
69
Excluding 3 **separate sub-branches**

Overseas Network
8
Including 7 **local subsidiaries** and 1 **representative office**

[1)] ROE: Controlling shareholders' equity net income / Averaged Controlling shareholders' equity
* As of the end of December 2022

MILESTONES

1969-2000

Jan. 1969
- Established Hanbo Securities

Jul. 1975
- Merged with Sengbo Securities changed the name to Daebo Securities

Nov. 1983
- Merged with Lucky Securities, changed the name to Lucky Securities

Mar. 1995
- Changed the name to LG Securities

Oct. 1999
- Merged with LG Merchant Bank, changed the name to LG Investment & Securities

2001-2015

Dec. 2004
- Change in largest shareholder (LG Group → Woori Financial Group)

Apr. 2005
- Merged with Woori Securities, changed the name to Woori Investment & Securities

Jun. 2014
- Change in largest shareholder (Woori Financial Group → NH Financial Group)

Dec. 2014
- Merged with NH Securities, launched NH Investment & Securities

Jan. 2015
- Issued new shares of NH Investment & Securities

Apr. 2015
- Declared NH Investment & Securities Vision

May 2015
- Completed IT integration between Woori I&S

2016-2017

Jan. 2016
- Launched "QV", a multifaceted wealth management service

Apr. 2016
- Completed integration of HR systems and labor unions

Jul. 2016
- Acquired 10% stake of K-bank, an online bank

Aug. 2016
- Launched an industry-first hedge fund in Korea (NH Absolute Return 1)

Dec. 2016
- Certified for Consumer Centered Management (CCM) for the first time in the industry

Aug. 2017
- Named Good Securities Firm by Consumers (Korea Finance Consumer Federation)
- Launched lifetime free trading offer for NAMUH – mobile-based wealth management brand for the first time in the industry

Nov. 2017
- Named Mega-sized IB

2018

Jan. 2018
- Acquired 100% stake of Vietnamese subsidiary

Jun. 2018
- FSC granted NHIS a license to run a short-term financing business including the issuance of promissory notes

Jul. 2018
- Commenced issuing promissory notes
- Selected as an exclusive manager for the National Housing Fund by the Ministry of Land, Infrastructure and Transport

2019

May 2019
- Declared NHIS' brand vision "Investment Culture Creator"

Oct. 2019
- Published an ESG Report for the first time in the industry

Nov. 2019
- Ranked first in KCSI Survey – Securities Category

Dec. 2019
- Established NH Hedge Asset Management – a hedge fund management subsidiary

2020-2022

Feb. 2020
- Signed an MOU for digital innovation and AI application with Kakao Enterprise

Apr. 2020
- Established UX Design Lab Center with KAIST

May 2020
- Opened "Culture Salon," a multi-cultural space with brand vision

Jul. 2020
- Signed an MOU the joint R&D on the use of MyData with Graduate School of Data Science, Seoul National University

Aug. 2020
- Introduced Kakao Pay Certification
- Opened "Smart Store" to promote sustainable growth of agricultural community income

Oct. 2020
- Launched PB Service for high net-worth clients (over KRW 3 billion)

Dec. 2020
- Launched Open Banking Service

Mar. 2021
- Opened the "NH Super Stock market", a pop-up store for clients in their 20s and 30s

Nov. 2021
- Signed an MOU with Timo, the largest Internet bank platform in Vietnam

Dec. 2021
- Received the Presidential Award at the Korea Digital Management Innovation Awards
- Annual operating income surpassed KRW 1 trillion

Apr. 2022
- Established NHIS Europe, a London Subsidiary

May 2022
- 3rd time OCIO winner of Ministry of Land, Infrastructure and Transport housing fund priority negotiator
- Established the ESG Committee

Jul. 2022
- Acquired the ISO 14001, an international standard certification for an environmental management system

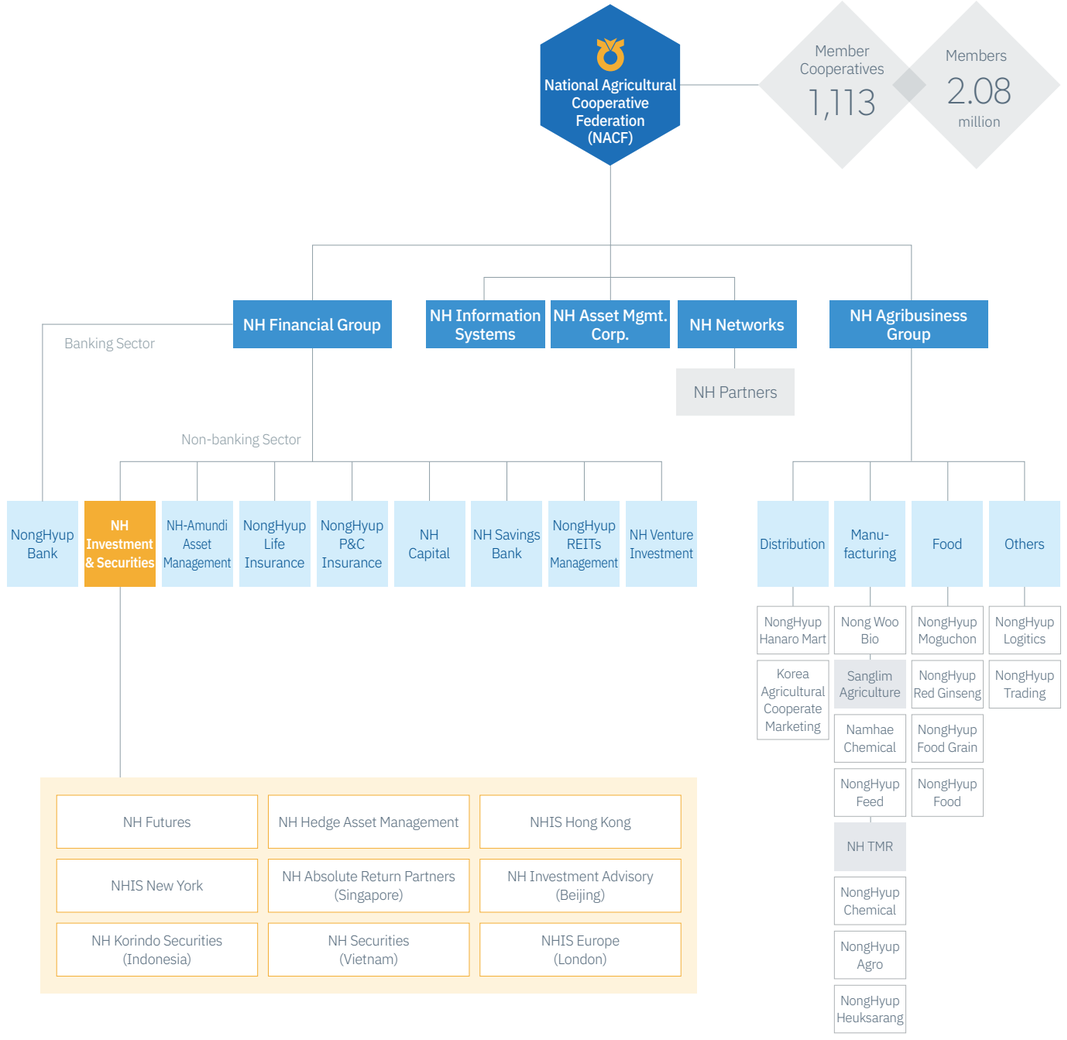
Aug. 2022
- Launched the Tax Center

Oct. 2022
- Commenced fund custody business

Dec. 2022
- Launched "NH All-One Account", a platform for integrated wealth management

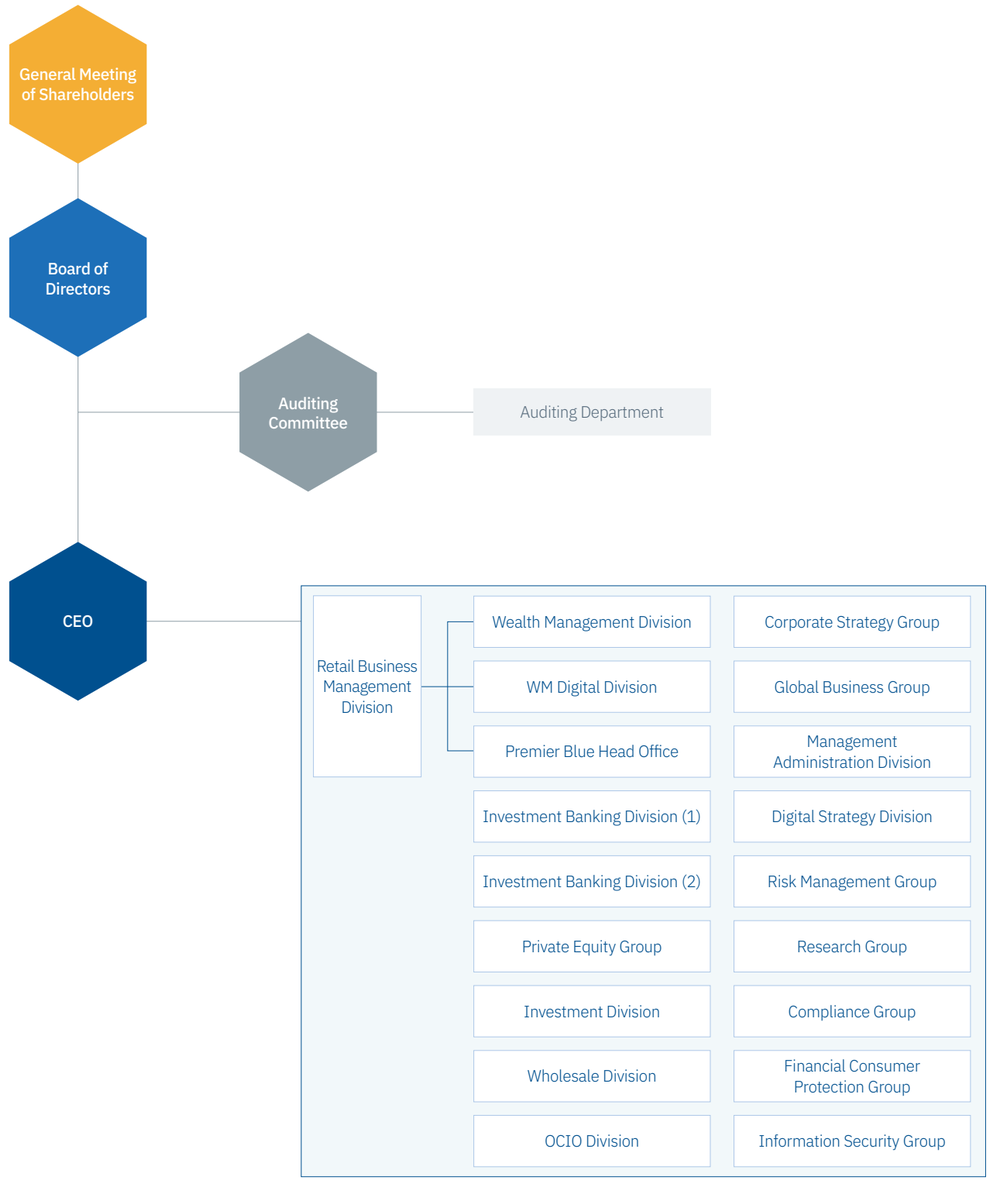
NH FINANCIAL GROUP OVERVIEW

In March 2012, the National Agricultural Cooperative Federation (NACF) reorganized its business structure by separating the credit and economic sectors and creating the subsidiaries NH Financial Group and NH Agribusiness Group. NH Financial Group is performing central roles in the Group's development into "Asia's leading global cooperative financial group", while NH Agribusiness Group, with the largest network in Korea and expertise, is creating new value by establishing a production-distribution-sales environment that brings happiness to farmers, stockbreeders, and all citizens.



* As of the end of December 2022

NHIS ORGANIZATION



* As of the end of December 2022

GLOBAL NETWORK

NHIS is strengthening its global network to expand overseas product sourcing and the market business foundation. Our Hong Kong subsidiary is NHIS' key hub as a comprehensive securities firm through its IB-overseas bond-equity sales business. Our New York subsidiary is in charge of operating the Global Execution Trading (GET) Desk, which is the company-wide overseas stock-trading platform, and discovering major deals in the Americas.

Through our local subsidiaries in Vietnam and Indonesia, we are gaining the upper hand in emerging markets of Southeast Asia and expanding local market influence. The London Subsidiary was incorporated from a Representative Office in April 2022 and is focusing on discovering alternative products in Europe, while spearheading entry into new markets. NHIS will strive to become a global business platform that clients look to first by expanding our overseas network and strengthening our capabilities in providing financial solutions.

London, UK
- IB/PI
- Fund sourcing
- IB deal sourcing



Establishment of NHIS Europe

In April 2022, "NH Investment and Securities Europe" (NHIS Europe) was launched as NHIS' local subsidiary in London. The previous London Representative Office was launched in 2016 and discovered local infrastructure and real estate deals in Europe and supplied them to domestic institutional investors. Based on this know-how of discovering alternative products, NHIS Europe was launched by being issued with an official license, and is performing such roles as sourcing various global IB deals and providing information on investment in Europe.

New York, USA
- Equity Sales
- GET (global equity trading platform)
- Hedge fund sourcing
- IB deal sourcing

Beijing, China
- IB/PI
- IB deal sourcing

Seoul, Korea
- Headquarter

Hong Kong
- IB/PI
- Fund sourcing
- IB deal sourcing
- Equity Sales
- GET (global equity trading platform)
- Sales and trading of overseas bonds

Hanoi, Vietnam
- IB/PI
- Local brokerage (stock, bond)

Singapore
- Hedge fund sourcing/ management
- Alternative investment products

Jakarta, Indonesia
- IB/PI
- Local brokerage (stock, bond)

Shanghai, China
- IB/PI
- IB deal sourcing

GLOBAL NETWORK PROFILE

Region/Country	Established	Type of Business	Region/Country	Established	Type of Business
New York (USA)	1992	Local Subsidiary	Hanoi (Vietnam)	2009	Local Subsidiary
Hong Kong	1994	Local Subsidiary	Beijing (China)	2011	Local Subsidiary
Singapore	2008	Asset Management Company	London (UK)[1)]	2022	Local Subsidiary
Jakarta (Indonesia)	2009	Local Subsidiary	Shanghai (China)	1996	Representative Office

[1)] In April 2022, London Subsidiary (NH Investment & Securities Europe) was incorporated from a Representative Office established in 2016

Retail Business Management Division

Wealth Management Division



BUSINESS OVERVIEW & DIRECTION

In the rapidly-changing market environment, the Wealth Management Division is transforming from a simple "broker" to offer financial products to an "advisor" that provides optimal client-tailored financial solutions as a consultant that helps increase client satisfaction as a way to meet diversified client needs. The Division is striving to enhance client value throughout the process ranging from making preparations to meet clients to identifying client needs, providing optimal solutions, and offering follow-up management services. In addition, it presents a direction for wealth management of our clients as a partner based on long-term relationship. As a result, we achieved the top ranking in the "overall satisfaction" and the second place in the "intent to continue use" and "intent to recommend to others" categories in the survey on the client behavior on major securities companies conducted to 3,200 clients of NHIS and major competitors. Furthermore, to improve non-face-to-face media-based mass client care and activity, we have systematized the digital advisor service model and recruited 34,000 digital care service clients. We also improved telephone consultation infrastructure and achieved 99% practical response rate. In addition, we expanded the client satisfaction survey area from the WM center to the digital service area to improve client satisfaction.

Moving forward, NHIS will focus on providing differentiated "personal services offered by NHIS advisors" and "WM platform-based services". We will advance our client targeted service based on client needs by expanding the utilization of our infrastructure tools and will increase human service value through the process of fostering/coaching advisor's expertise and consulting capability. We will pursue qualitative improvement of client investment portfolios through diversification of client invested assets and a mid to long term strategic approach. In addition, we will accomplish the goal of becoming the "No.1 Retail Platform" by improving both tangible and intangible client services with greater client satisfaction.

[1] Smart Teller Machine: a machine to automate high-frequency simple tasks
Interactive Teller Machine: a machine to support non-face-to-face investment consultation services

ESG SPOTLIGHT

Industry Pioneer to Launch a Dedicated Tax Consulting Team NHIS has launched a Tax Center, a dedicated organization to handle clients' tax-related matters, for the first time in the securities industry, to establish a position as the best "tax powerhouse" in the financial industry. We are also providing real-time customized tax consulting service to meet clients' various tax needs caused by increased volatility in the financial market and tax reform.

Greater Client Satisfaction via Diversified Branch Types In the midst of post-pandemic financial environment in 2022, we started diversifying the types of branches, which serve as the touch point for clients, so that clients can enjoy better quality of services and higher satisfaction. We have built "Gangnam Flagship Center", a future-oriented center equipped with 10 new contents, "Pangyo Biz Plus Financial Center", a complex business center promoting synergy effects across WM, institutional sales, and pension consulting, and large-scale financial centers based on regional commercial districts of Gangnam, Suwon, and Daegu. To maximize convenience for clients visiting the branch, we were the first securities house to introduce SMT and ITM[1], and went on completing the first expansion of the installation. Furthermore, in order to expand client touch points in line with the enforcement of the revised "Act on Door-to-Door Sales" we are currently in the process of building an outdoor sales (ODS) system to meet our clients' increased demand for financial services.

* As of the end of December 2022

Total client assets of WM Division
(Unit: KRW trillion)
106.4
* Excluding WM Digital Division and Premier Blue Head Office

No. of WM Division clients with KRW 100 million
(Unit: Persons)
71,773
* Excluding WM Digital Division and Premier Blue Head Office

Ranked No. 1 in the "Overall Satisfaction" category in the survey on the client satisfaction of major securities companies

First to launch a dedicated organization, "Tax Center"

Retail Business Management Division

WM Digital Division



BUSINESS OVERVIEW & DIRECTION

The WM Digital Division consists of the " Client Headquarters", which is in charge of establishing and executing the NAMUH brand strategies and operating specialized services for digital clients, and the "Platform Innovation Headquarters", which is in charge of providing customized services based on the digital platform.

In 2022, WM Digital Division went through a rebranding of mobile securities "NAMUH" into "NAMUH Securities" in a move to take one step closer to clients' daily lives under the brand slogan of "Shift Your Daily Routine". With the rebranding, NAMUH Securities has implemented a user-friendly UI/UX and enriched contents for clients based on big data analysis to establish an outstanding digital app competitiveness. In addition, the subscription service "NAMUH Members", where clients can make investments alongside contents, NAMUH Private Label Credit Card (PLCC), which connects consumption with investment, and setting up the infrastructure for fractional trading to encourage micro-investment culture all have led to truly differentiated client experience, blurring the boundaries between daily life and investment.

Recognizing the importance of expanding client experience into various areas beyond industry boundaries, in response to the rapidly expanding investment spectrum of its clients, the Division aims to stay focused on enhancing the value of the NAMUH Securities brand by diversifying the platform's usability. Through quick response to client needs through the establishment of flexible platform infrastructure and differentiated client management strategy based on data, we aim to diversify our stock-oriented client base and platform usability to heighten the value of the platform and secure our position as the client's brokerage house of choice. Alongside such endeavor, we plan to maximize the competitiveness of our clients-centric mobile platform by providing an advanced digital wealth management service system, automating personalized matching between client and financial products, and providing curation of contents. Moreover, we aim to provide a differentiated client experience by launching and landing killer services that are based on social platforms and communities and actively seeking opportunities to make inroads into innovative new businesses such as security token offerings (STO).

ESG SPOTLIGHT

Increased Clients' Access to Investment WM Digital Division, for the first time in the securities industry, launched "seed" service where users can participate in such mission as clicking the banner and subscription, to earn points. The service, intended to adopt the post-pandemic trend of AppTech (application technology), allows app users to convert NH points they have earned as a reward into deposits in their account, so as to encourage clients to experience micro-investment in their daily lives. Furthermore, we have established the infrastructure to support trading of fractional shares to promote the culture of micro-investment. In addition, we launched a service to allow legal representatives to open an account in the mobile platform on behalf of their minor child, in a bid to widen client experiences. The Division also launched U.S. stock trading service, available 24/7, first of its kind in the Korean securities industry. The service aims at sharpening the competitive edge of NHIS in the overseas stock trading platform and fulfilling clients' requirements for U.S. stocks and has successfully led to overcoming the limited trading windows and make investment more flexible, thus expanding the investment base for our clients.

No. of Digital Clients (Cumulative)
(Unit: Persons)



* As of the end of December 2022

Percentage of clients in their 20s and 30s among NAMUH MTS users
(Number of NAMUH MTS users: 2,021,570)
40%

NAMUH Securities won Grand Prize in the 2022 Korea Mobile Awards

First securities company to open U.S. stock trading service available 24/7

Retail Business Management Division

Premier Blue Head Office



BUSINESS OVERVIEW & DIRECTION

The Premier Blue Head Office is specialized in the wealth management for ultra high net-worth (UHNW) clients. We provide a Family Office service, our top-tier wealth management service, to clients with deposited assets of KRW 10 billion or more. Clients who subscribe to the service are provided with UHNW investment trend materials, bespoke wealth management services, and expert consulting services, and are offered hyper-personalized financial solutions ranging from wealth management to corporate growth, asset succession, value realization, and full establishment of a family name.

In 2022, the Head Office carried out various activities and tasks aimed at further solidifying the PB business fundamentals including private events held by the Head Office, establishment of a process to broker investment in promising unlisted companies, expansion of MOUs in special areas, and advancement of consulting capabilities to deliver unique experiences for the HNW clients. In addition, by fully leveraging the PB Head Office's strengths in the overseas fxed income investment, the size of overseas fixed income traded each year is on a steady increase, securing a solid position for the Premier Blue Head Office.

The Premier Blue Head Office will focus on advancing its sales support infrastructure that serves HNW clients and the HNW-centered business foundation, while also seeking to realize a virtuous HNW business cycle model in the long term. It plans to increase the supply of diverse trust products and IB-specialized products, aimed at meeting the needs of HNW clients and to expand cross-border consulting and institutional consulting services to bolster NHIS' own competitiveness. Besides, there will be continued efforts to cater to the varying needs of HNW clients via alliances and collaboration with outsourced professional agents. Based on the accumulated know-how in the investment of overseas fixed income, the Office will provide HNW clients with broader experiences in fixed income investment to strengthen our position as a strong player of overseas fixed income products and services. In addition, we will further strengthen PB Head Office's unique market competitiveness through aggressive brand marketing activities.

ESG SPOTLIGHT

Widening Client Experiences In 2022, the Premier Blue Head Office made various attempts to expand the portfolio of exclusive products specialized for IB to accommodate clients' needs. Furthermore, with the expansion of the Family Office service launched in 2021, we stepped up our efforts to build a complete, end-to-end consulting infrastructure which can provide clients with everything they need. Excellent human resources combined with know-how led to providing HNW clients with greater experience in investing in overseas fixed income.

Also, the Office regularly held forums for CEO clients of the PB Head Office to deliver lectures on the topic of financial trends, investment strategies, and liberal arts. In 2023, we will remain committed to offering diverse and unique client experiences that reflect the market trend by preparing lectures to heighten clients' level of ESG awareness.

* As of the end of December 2022

No. of clients with deposited assets of KRW 3 billion and more
(Unit: Persons)
3,437

No. of family clients registered for the Family Office service
51

Private events including Premier Blue CEO Forum and golf outings

Strengthened the service platform specialized for HNW clients by establishing unlisted stock brokerage process and expanding MOUs for special area consulting

Investment Division



BUSINESS OVERVIEW & DIRECTION

The Investment Division features NHIS' outstanding sales and trading capabilities, and strives to generate profits in a stable manner by sourcing, structuring, sales & trading of such diverse products as Korean and overseas fixed income and equity, derivatives, and mezzanine.

Despite challenging market environment in 2022, the Division has strengthened the stability of trading and management returns through portfolio rebalancing and risk management and put in concerted efforts in achieving efficiency in resource allocation through flexible resource adjustment reflecting the market circumstances.

The Investment Division at NHIS will strive to deliver various products such as listed mezzanine, pre-IPO shares, and unlisted stocks to the market and improve investment returns through proactive market responses which includes management of risks following market volatility. At the same time, we will make best efforts to continuously monitor businesses with uncertainty and manage position risks. With the increased volatility in the traditional capital market of global equity and fixed income and tightened supervision on real estate and alternative investment products, the Division will lay the foundation for stable performance by responding promptly to market shifts with thorough research on the global market and monitoring of liquidity changes. Furthermore, we will focus on developing new investment products and solutions so that clients can invest appropriately and manage stably according to their investment propensity and needs.

ESG SPOTLIGHT

Carbon Finance In 2022, as part of an attempt to discover revenue-generating opportunities through carbon finance, the Investment Division formed a dedicated team of carbon finance taskforce, established an internal work process for carbon finance, and searched for opportunities in the greenhouse gas reduction business, thus completing the tasks to lay the foundation to enter into the carbon market. In 2023, it will strive for a full-fledged drive towards carbon finance with the promotion of the existing Carbon Finance Taskforce into Carbon Finance Team along with efforts to make inroads into the voluntary carbon market, ESG investment, and businesses related to GHG reduction.

Sound Return in Self-Hedge ELS Throughout 2022 and the first quarter of 2023, the Investment Division has achieved outstanding performance in self-hedged ELS products in terms of return on balance and redemption volume. Regardless of reduced balance, our ELS products were successfully redeemed despite declining of the index since small portion was tracking Hang Seng China Enterprises (HSCEI), and we have issued ELS products with low knock-in barriers.

* As of first quarter, 2023

Balance of ESG bonds
(Unit: KRW billion)
570.0

Profit rate against redemption volume
3.59%

Chosen by Ministry of Economy and Finance as "Best PD" for the second half of 2022
No. 1
in the securities category

Amount of ELS issued in 2022
(Unit: KRW billion)
4,776.8

Amount of KRW-denominated RP under management
(Unit: KRW billion)
6,620.0

IB Division (1)



BUSINESS OVERVIEW & DIRECTION

Investment Banking Division (1) provides total investment banking (IB) solutions, ranging from traditional IB revenue sources, such as debt capital market (DCM) and equity capital market (ECM), to corporate advisory services and acquisition financing businesses. It upholds its position as a leader in the Korean capital market with its IB expertise and robust client network.

The Division continued to maintain the top-tier position in 2022 and the first half of 2023, achieving the first and second rankings in major league tables in debt capital market (DCM) and equity capital market (ECM). By consistently strengthening our capabilities in corporate advisory services accumulated over several years, we have acquired unique advisory expertise over domestic competitors. We maintain the highest market share in acquisition financing, worked with major PEFs at home and abroad to strengthen our market position, and expanded our network through overseas subsidiaries to boost deal souring capabilities and roles.

The Division seeks to establish an IB business platform leading corporate growth in traditional IB business. The aim is to perform roles as a financial partner that provides comprehensive IB solutions throughout the corporate's life cycle, ranging from financing in the early development stage of corporate growth to M&A advisory in the matured stage. As the pace of industrial structure reorganization accelerates, equity-driven financing, principal investment (PI), and the M&A market are projected to see stronger activity. Based on distinctive advisory skills of our Relationship Managers (RMs), the Division will offer intricate pre-sales services and generate advisory related new business opportunities. It will also strengthen market leadership in acquisition financing by expanding private equity coverage and enhancing overseas deal sourcing capabilities. Furthermore, quality deals that the Division underwrites will be supplied internally and to NH financial affiliates to provide many lucrative investment opportunities. Backed by our competitiveness and know-how, we will actively take part in acquiring overseas corporate finance deals as a leading IB in Korea and Asia.

ESG SPOTLIGHT

Coal-free Finance Despite challenging market conditions, the Investment Banking Division (1) made great contributions to promoting ESG finance across the industry by actively underwriting ESG bonds. The Division acquired 31 deals of ESG bonds worth KRW 1,881.9 billion in 2022. As of the end May 2023, it has acquired ESG bonds of KRW 1,357.1 billion, ranking top at The Bell League Table. Ongoing efforts will be underway in 2023 to deliver on our commitment as ESG market pioneer.

Rankings and market shares at the IB league table

* Source: The Bell League Table

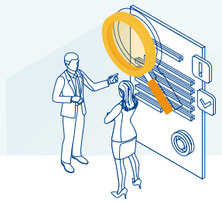
Lead-arrangement for corporate bonds: 19.6%	No.2
Lead-arrangement for financial bonds: 23.4%	No.1
Lead-arrangement for rights offering: 28.0%	No.1

*The Bell ESG Bond League Table (excluding ABS, MBS)

Lead-arrangement for ESG bonds[1]: KRW 1,881.9 billion	No.2 in the industry
Lead-arrangement for ESG bonds[2]: KRW 1,357.1 billion	No.1 in the industry

[1] Based on annual accumulated figure as of 2022 year-end
[2] Based on accumulated figure as of the end May 2023

IB Division (2)



BUSINESS OVERVIEW & DIRECTION

The Investment Banking Division (2) has established itself as the No. 1 player in the global-wide alternative investment market based on outstanding alternative asset sourcing capabilities. In 2022, the Division successfully executed various real estate projects to overcome limitations in alternative investment business. By building strategic partnerships with leading global asset management firms, we were able to execute new acquisition deals including core office building while selling down existing acquisition projects. While dealing with higher financial costs due to interest rate hike, the Division focused on identifying overseas alternative investment assets preferred by institutional investors, including data and logistics centers and public private partnership (PPP) infrastructure deals, and diversifying product portfolios. Despite a sharp drop in number of new deals in the overseas infrastructure market, the Division established strategic cooperative relations with major asset managers and moved forward with diversification of overseas deal sourcing channels. Efforts are underway to build an internal system on real estate development projects, real estate PEF establishment and general partner (GP) participation.

The Division is building foundations to establish a platform that will provide comprehensive solutions in all phases of the real estate development projects. It will offer total financial services in every step of the alternative investment deal, ranging from the early phase of deal sourcing to sell-down, and will make utmost efforts to develop distinctive competitiveness that earns client trust. In 2023, it will continue to thoroughly review risk to adopt selective approaches to prime assets, actively promote sell-downs on acquisition deals to drive sustainable profit growth. We will diversify our product portfolio by responding to investor's various demands and seizing new deal opportunities. Further execution plans include asset allocation strategies by setting targeted returns and investment proportion per asset group and enhancing investment capabilities by diversifying investment strategies. Providing financial investment and advisory services at all phases of alternative asset investments including real estate, we aspire to solidify our top position as the total service player in the industry.

ESG SPOTLIGHT

Diversifying alternative investment portfolio In 2022, the Investment Banking Division (2) focused on identifying new alternative investments business including PPP infrastructure deals to overcome long-standing adverse market conditions, expanding new business scope and product diversification. To cope with growing recession in the infrastructure market, we came up with strategies to diversify deal sourcing channels, pioneering new business opportunities for future growth such as real estate, energy centers and power plants, and social overhead capital (SOC). Key performance in 2022 include infrastructure projects, such as the Green-Smart Future School private sector investment project and Northeast Asia LNG terminal product.

Expanding in New Infrastructure Businesses
(Unit: KRW billion)

- Green Smart Future School – private sector investment project: 26.0
- Financial arrangement and acquisition of Northeast Asia LNG Terminal Construction project: 1,000
- Development project on CJ Live City K-Contents Complex Facilities: 600

ESG-related Infrastructure Investment Deals

(Unit: KRW billion)

PROJECT NAME	CATEGORY	AMOUNT
Lead refinancing for acquisition finance at SK EcoPrime[1] acquisition finance	Domestic	300.0
Share acquisition of a bio-medical waste incinerator	Domestic	170.0
Lead refinancing for Samyang Solar Power Project in Tae-an	Domestic	45.0
Equity investment in a waste plastics pyrolysis company [1]	Domestic	2.0
Share acquisition of PPP portfolio (railway, trains, etc.) in the U.S. and Australia	Overseas	32.0
Lending for Holdco, a solar power project in Spain	Overseas	20.0
Equity investment in Cory, a recycling and waste management company in London, U.K.	Overseas	20.0
Equity investment in onshore wind farm in Sweden	Overseas	19.0
Equity investment in a Battery Energy Storage system development in the U.S.	Overseas	10.0

* As of the end of December 2022
[1] Deals executed by Investment Banking Division (1)

Investment in new and renewable energy in 2022
(Unit: KRW billion)
357.0

Wholesale Division

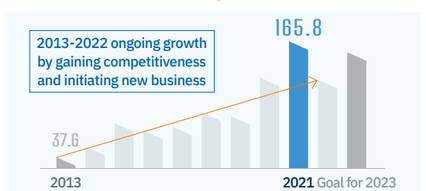


BUSINESS OVERVIEW & DIRECTION

The Wholesale Division provides various services in all areas of equity, including ETF LP, stock exchange market maker, prime brokerage service (PBS), and securities lending and borrowing business, in addition to traditional stock brokerage for institutional investors in Korea and overseas. As a financial partner of institutional clients, it is making utmost efforts to provide new solutions and strengthen sales capabilities to meet the needs of institutional clients. We have top-tier trading infrastructure in the industry, a solid client network and high caliber resources, which back our leading position in key business sectors. In 2022, we endeavored to strengthen distinctive competitiveness to promote ongoing growth adding to our achievements. In order to become NHIS' representing RM(Relationship Manager), the Wholesale Division is continuously building a wide network of business towards major domestic private and public asset management companies, pension funds such as National Pension Service and Teachers' Pension, fund management institutions including insurers, banks, overseas long/hedge funds, and global IB.

Our current business focus is to secure new business lines, strengthen global capabilities, and create synergies with the goal of developing the industry's top-level brokerage platform competitiveness. Recently the Division added custody business to its portfolio of business services. Building an organization of experts, stable infrastructure, and sales activities, we aim to promote growth for custody business as a major revenue source for the Division. Through close internal collaboration, we aim to strengthen our competitive edge in the growing overseas stock sales business and increase channels in securities lending and borrowing business. For the longer term, we are planning to take direct part in overseas local stock exchanges and engage as a liquidity provider (LP). Challenging conditions such as brokerage market contraction since 2022 and fierce competition are factors that pose uncertainty for the business outlook in 2023, but we are determined to deliver strong performance on strategic key projects to provide differentiated solutions.

Wholesale Division Net Operating Revenue Trend (Unit: KRW billion)



ESG SPOTLIGHT

First Brokerage House to Provide Custody Business
In 2022, the Wholesale Division became the first brokerage house to launch the custody business. During the last few years, banks became reluctant to service private equity funds amid stronger regulatory restrictions, which caused asset management companies to fail setting up funds. Spotting new business opportunities, NHIS quickly moved pace to address client needs by alleviating the supply shortage, and decided to initiate the custody business. Backed by strong commitment of our employees to launch the business, we made thorough preparations such as hiring new resources and creating a Custody Deliberation Committee and successfully launched the business in October 2022.

Listed Green Energy ESG ETN In August 2022, the Wholesale Division listed NHIS' first ESG ETN, "QV iSelect-WG Green Energy ESG ETN", on the stock market. It is an exchange-traded note ESG-related index that represents the investment performance of stocks that are both investable and well ESG-performed, such as KEPCO, Hanwha Solutions and KSOE. Starting with the Green Energy ESG ETN, the Division intends to launch many more ESG-related financial products.

Started custody business for the first time as a securities firm

Chosen as Best Institutional Sales Provider by Hankyung in 2022

Listed Green Energy ESG ETN

OCIO Division



BUSINESS OVERVIEW & DIRECTION

The OCIO Division provides outsourced chief investment officer (OCIO) solutions, financial product/alternative investment solutions, and trust and wrap product-driven solutions that meet the needs of diverse clients, ranging from large cap financial institutions to small & mid cap institutions and individuals. The Division, which consists of NHUF (National Housing and Urban Fund) Management Group, Trust Management Group, and OCIO Management Department, works closely with the OCIO Solution Group, which oversees client sales and product sourcing, boosting OCIO business competitiveness and company-wide business synergies. We are working to solidify partnerships with global asset management companies, identify and boost sales of well-performing funds to secure top competitiveness in alternative investment sales as well as traditional financial investment products. The Division is also strengthening its market leadership in all areas backed by holding the largest balance of trust in the market.

The OCIO Division seeks to provide dynamic value based on NHIS' key competitiveness and build synergies through all divisions. It also seeks to create new growth opportunities by fostering top-level OCIO business competitiveness in the industry. To this end, we aspire to build optimal solutions catering to small & mid cap institutions which have different OCIO needs from public institution funds, becoming a strong OCIO platform player. It will also improve its financial investment solution provider's role, thereby advancing its retail business and enhancing product capabilities in trust and wrap products. This will enable us to attract large institutional funds with OCIO solutions needs and to offer solutions to large-scale public pension funds, small-to-medium-sized institutions, corporations and HNW clients, thereby expanding our client base. We will also focus on developing differentiated alternative investment solutions that meet rapidly-changing client needs and market conditions to boost product competitiveness.

Sales Commission Income from Global Alternative Investments
(Unit: KRW billion)



ESG SPOTLIGHT

Reselected as an exclusive manager for the National Housing and Urban Fund In 2022, the OCIO Division was rechosen as the OCIO service provider for the National Housing and Urban Fund (NHUF) by the Ministry of Land, Infrastructure and Transport (MOLIT) for four years in recognition of strengths in wealth management capability, risk management and infrastructure. We were also named to be the OCIO manager of other large-scaled pension funds by the Community Chest of Korea and Korea Inclusive Finance Agency, etc., delivering stable performance and contributing to society. By advancing OCIO consulting, marketing, and management through our OCIO platform, we made consistent efforts to respond to varying needs of corporations, schools, and public institutions. In 2022 alone, we won to become the OCIO service provider in 6 projects, cementing our No. 1 position in the securities industry.

Selected as an exclusive manager for the National Housing Fund by the Ministry of Land, Infrastructure and Transport

Selected as the OCIO Service Provider in 2022

MONTH	BUSINESS	ASSET UNDER MANAGEMENT (MANAGEMENT TERM)
Feb.	Company D	KRW 30 billion (3 years)
Mar.	Company S	KRW 10 billion (1 year)
Mar.	MOLIT Housing and Urban Fund	KRW 22 trillion (4 years)
May	Community Chest of Korea	KRW 230 billion (2 years)
Jul.	Company G	KRW 750 billion (4 years)
Oct.	Korea Inclusive Finance Agency	KRW 240 billion (2 years)

* As of 2022 year-end

Market share and ranking of trust product balance
16.9% No.1 in the industry

Income from trust product
(Unit: KRW billion) 35.2

Financial products balance
(Unit: KRW trillion) 76.6

Value Chain

CAPITAL INPUT

FINANCIAL CAPITAL

Financial capital of stakeholders as a foundation of business activities

- **Total assets:** KRW 53,428.3 billion
- **Shareholders' equity:** KRW 7,228.1 billion
  * Controlling shareholders' equity: KRW 7,223.4 billion

HUMAN CAPITAL

Agents working together to drive sustainable growth

- **No. of employees:** 3,136
- **No. of new hires:** 228

INTELLECTUAL CAPITAL

Technologies and ideas for the advancement of financial products and services

- **Investment in digital innovation:** KRW 17.59 billion
- **Collaboration with partners to enhance digital capabilities (industry-academia partnership, MOU):** 7

SOCIAL CAPITAL

Mutual growth with local communities and partner companies

- **Participants in social contribution activities:** 5,910
- **No. of farms subject to crowdfunding:** 22
- **No. of crowdfunding cases:** 4,605
- **Partner companies for mutual growth:** 35[1)]

[1)] Based on registered companies

NATURAL CAPITAL

Finance to ensure environmental sustainability

- **Established the ESG Committee to solidify the company's ESG governance**
- **Established the ESG Investment**
- **Joined the voluntary carbon market**

MANUFACTURED CAPITAL

Value creation through global network

- **69 domestic branches (Excluding 3 separate sub-branches)**
- **7 overseas-local subsidiaries (Excluding 1 separate overseas representative office)**

* As of the end of December 2022

NHIS CORE COMPETITIVENESS



CAPITAL OUTPUT

FINANCIAL CAPITAL

Creating drivers for economic and sustainable growth

- **Net income:** KRW 302.9 billion
  * Controlling shareholders' net income: KRW 303.4 billion
- **Dividends paid out to shareholders:** 245.8 billion
- **Interest paid to clients:** KRW 557.6 billion
- **Corporate tax:** KRW 137.3 billion

HUMAN CAPITAL

Attracting and fostering professional human resources

- **Average training hours per employee:** 75.5 hours
- **Percentage of female workforce:** 41.9%

INTELLECTUAL CAPITAL

Strengthening products and services for digital financial innovation

- **Number of new services launched based on big data, AI, NFT and open platform:** 5
- **Building a big data platform and operating the Tech Board aimed at strengthening data-based research and internal capability**

SOCIAL CAPITAL

Sustainable finance and value creation for local communities

- **Social contribution expenses:** KRW 3,320 million
- **Support for Angel Fund:** KRW 150 million
- **No. of towns subject to "Building Community Town" Project:** 31
- **Crowdfunding raised for supporting small and medium-sized farms:** KRW 174 million
- **Economic value distributed to registered partners (contract amount):** KRW 11.52 billion

NATURAL CAPITAL

Finance to ensure environmental sustainability

- **ESG investment:** KRW 654.7 billion (Outperformed by 36% against the ESG investment goal for 2022)

MANUFACTURED CAPITAL

Value creation through global network

- **Increased capital:** KRW 6.8 trillion in 2021 → KRW 7.2 trillion in 2022

01

NHIS APPROACH TO ESG

ESG STRATEGY
038 ESG Vision and Strategic Direction

ESG GOVERNANCE
039 Facilitating ESG Organizations

ESG FINANCE
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042 Performance of ESG Finance

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044 Double Materiality Test
045 Results of Double Materiality Test

MANAGEMENT APPROACH

ESG COMMUNICATION
048 Stakeholder Communication

ESG INSIGHT



ESG Strategy

ESG VISION AND STRATEGIC DIRECTION

NHIS seeks to become a sustainable finance platform that leads to a better tomorrow by enhancing client value and promoting social values through sustainable growth. We will adopt green management strategies that are better attuned to carbon neutrality and realign our socially responsible management with local community and stakeholder interests. In addition, we will actively take the lead in protecting shareholder rights by way of making our operations more transparent. As a member of pan-NongHyup Group, we will explore ways to achieve win-win growth with agriculture and farming villages and develop into an ESG-conscious company that contributes to society.



Advance green management strategies to achieve carbon neutrality

- Establish and operate an environmental management system
- Establish carbon neutrality strategies
- Expand ESG-based businesses

Strengthen socially responsible management based on trust from clients and society

- Contribute to building a sustainable local community
- Achieve stakeholder-centered joint growth
- Strengthen human rights management that respects diversity

Operate transparent governance for sustainable growth

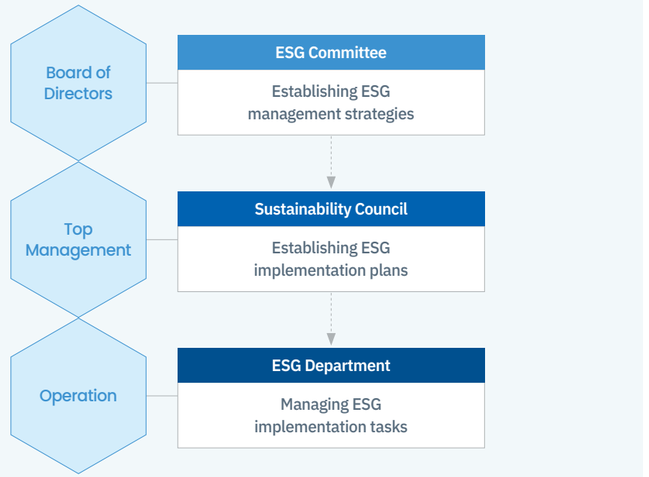
- Strengthen ESG information disclosure
- Take timely responses to initiatives and external evaluations
- Protect shareholder rights and improve BOD operations

ESG Governance

FACILITATING ESG ORGANIZATIONS

ESG GOVERNANCE

In 2022, NHIS established the ESG Committee, directly under the Board of Directors, which plays a pivotal role in formulating the company's ESG management strategies, as a way to promote ESG management. In addition, we set up the Sustainability Council as an ESG consultative body. The primary purpose of the Council is to develop specific plans to advance ESG initiatives in alignment with the overall ESG management strategy. The ESG Department was assigned practical responsibilities, including managing ESG initiatives, evaluating their performance, and devising ESG campaigns.



ESTABLISHMENT OF ESG COMMITTEE

NHIS launched the ESG Committee in March 2022 through the BOD resolution to enhance its ESG management strategy by cementing it at the governance level and fortifying its ESG governance system. The Committee sets the strategy and direction for ESG management and deliberates and decides on policies, and it consists of five members (four Outside Directors Park Min-Pyo, Hong Eun-Joo, Suh Jung-Won, and Jung Tae-Yong, as well as one Non-executive Director Moon Yeon-Woo).

MEMBERS	DATE OF MEETING	AGENDA ITEMS
Park Min-Pyo (Chairperson) Hong Eun-Joo (Member) Suh Jung-Won (Member) Jung Tae-Yong (Member)[1] Moon Yeon-Woo (Member)	May 26, 2022	1. Appointment of ESG Committee chairperson
		2. Report on ESG management progress
	Nov. 25, 2022	1. Report on consulting for ESG management enhancement
		2. Report on key ESG issues in 2023
	Mar. 30, 2023	1. Appointment of ESG Committee chairperson
		2. Approval of ESG policy (proposal)
		3. Report on ESG materiality assessment results and ESG initiatives

[1] Jeong Tae-Yong, an outside director appointed at the extraordinary general meeting held on May 15, 2023, was appointed as a member of the ESG Committee through the 4th extraordinary BOD meeting on May 25.

SUSTAINABILITY COUNCIL

NHIS operates the Sustainability Council, a company-wide ESG consultative body. As a regular ESG-related consultative body attended by the head of the Management Administration Division and heads of various groups, the Sustainability Council plays a key role in deliberating and deciding on ESG implementation plans.

Major Agenda of the Sustainability Council in 2022-2023

MEMBERS	DATE OF MEETING	AGENDA ITEMS
Head of Management Administration Division, Head of the Corporate Strategy Group, Head of Management Support Group, Head of Risk Management Group, Head of Product Solution Group, Head of Compliance Group, Head of Industry Group (2), Head of OCIO Solution Group, Head of Retail Service Group	Mar. 29, 2022	Report on the acquisition status of ISO 14001 certification
		Report on the establishment of the ESG Committee
		Report on the ESG pivoting activities
	Nov. 23, 2022	Report on consulting for ESG management enhancement
		Report on the results of ESG Evaluation by KCGS
	Mar. 28, 2023	Approval of the appointment of an outside committee member (proposal)
		Approval of ESG policy (proposal)
		Report on ESG materiality assessment results and ESG initiatives

ESG-RELATED AWARDS

NHIS is accelerating ESG management by establishing company-wide ESG management system and running employee engaged ESG campaigns. Furthermore, we are expanding direct investment in eco-friendly projects and actively investing in carbon credit projects at home and abroad. We continue to implement ESG management activities by publishing the industry's first ESG report aimed at inducing investors to make ESG investment by offering related information. Our ESG activities have been recognized for high-level ESG practices, solidifying our status as a leading ESG company in Korea.

ESG-related Awards in 2021-2022

DATE	HOSTED BY	AWARD
Jan. 29, 2021	Chosun Ilbo, FnGuide	Best ESG Research Securities Firm
Apr. 27, 2021	MoneyS	2021 Korea Leading Financial ESG Awards – Best Prize in Securities & Asset Management Sector
Apr. 28, 2021	Herald Economy	2021 Herald Economy Capital Market Awards – ESG Grand Prize
Jun. 10, 2021	Money Today Network, FnGuide	The 12th Korea Best Analyst – Special Prize (ESG research)
Dec. 20, 2021	Chosunbiz	2021 The ESG Excellence Award
Jan. 12, 2021	Yonhap Infomax	The 11th Yonhap Infomax Financial Awards - Best Research House (ESG)
Jan. 28, 2022	Chosun Ilbo, FnGuide	Best ESG Research Securities Firm
Apr. 20, 2022	MoneyS	2022 Korea Leading Financial ESG Awards – Best Prize in Securities & Asset Management Sector
May 27, 2022	ESG Happiness Economy Research Institute	ESG Korea Awards – ESG BEST Securities Firm Sector Grand Prize
Sep. 28, 2022	Asia Today	Asia Today Financial Awards 2022 – Best Prize in ESG Management in Capital Markets
Nov. 01, 2022	MerComm Inc.	2022 Galaxy Awards – Annual Reports (Print) – Bronze
Nov. 22, 2022	LACP	2022 LACP Spotlight Awards – Corporate Publishing Competition – Gold
Nov. 23, 2022	Ministry of Employment and Labor	2022 Work-Life Balance Conference – Excellent Work-Life Balance Practice Company
Nov. 23, 2022	edaily	2022 edaily Good Jobs Awards – A Company Where Working Women Are Happy

ESG Finance

ESG INVESTMENT PRINCIPLES

ENVIRONMENTAL AND SOCIAL INVESTMENT POLICY

The "Environmental and Social Investment Policy" is enacted to fulfill our social responsibilities as a corporate citizen and to actively manage our environmental and social risks in the process of establishing business plans and carrying out business operations, including investment activities of NHIS. We are dedicated to sustainable investments, proactively addressing the threat of climate change by implementing environmental and social investment policies, through which we aim to achieve sustainable development in collaboration with our stakeholders.

Negative Screening

1. Immediate Exclusion

In principle, if the business of the company to be invested falls under any of the following conditions, the investment shall be discontinued.

a. Product Exclusion

- **Weapons**
  Companies that produce, sell, or purchase equipment intended for the purpose of "capital punishment, torture, or other inhuman or cruel punishment or acts" in the EU Regulations on the List of Prohibited Exports
- **Coal**
  Projects related to the construction of new coal-fired power plants
- **Areas of Significance**
  Tobacco, gambling, alcohol, and adult entertainment classified as areas of significance to monitor their impact

b. Behavioral Exclusion

Provision of financing linked to serious human rights violations, serious climate change and environmental damage, or gross acts of corruption is immediately excluded.

- Acts that seriously affect the terrestrial ecosystem, such as illegal logging, illegal wildlife trafficking, and the development of national wildlife zones
- Destruction of marine ecosystems such as fishing activities using dynamite and chemicals as well as illegal discharge of harmful substances

2. Gradual Exclusion

Both product exclusion and behavioral exclusion are applied according to the progress of ESG promotion, but the scope of application will be gradually expanded moving forward.

a. Product Exclusion

- Areas of significance such as tobacco, gambling, alcohol, and adult entertainment

b. Behavioral Exclusion

- Animal testing and export of live animals
- Modern slavery and child labor

Goal for ESG Investment

NHIS strives to prioritize investments that meet the following sustainable goals in order to achieve and implement the UN SDGs (Sustainable Development Goals).

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice, and strong institutions
17. Partnerships for the goals

PERFORMANCE OF ESG FINANCE

ESG BOND ISSUANCE

NHIS is actively practicing ESG investment by sympathizing with the social discourse of expanding ESG investment to mitigate the threat of climate change and increase social value and using it as a stepping stone for sustainable growth.

After issuing KRW 110 billion worth of ESG bonds for the first time among securities companies in 2021, we expanded the scale of ESG bond acquisitions and investments in 2022. As a leading company in the ESG bond market, NHIS is contributing to the facilitation of the ESG bond issuance and secondary markets.

Major ESG Bond Underwriting

(Unit: KRW billion)

ISSUER	DATE OF ISSUANCE	RATING	TOTAL AMOUNT ISSUED	ACQUISITION AMOUNT
Hanwha Solutions	Jan. 24, 2022	AA-	275.0	45.0
Hanwha	Feb. 08, 2022	A+	150.0	30.0
LG Display	Feb. 23, 2022	A+	320.0	40.0
Samsung C&T	Apr. 05, 2022	AA+	300.0	70.0
Korea Western Power	May 20, 2022	AAA	180.0	30.0
KT	Jun. 29, 2022	AAA	120.0	30.0
Korea Western Power	Jul. 19, 2022	AAA	110.0	30.0
POSCO Future M	Apr. 27, 2023	AA-	300.0	120.0

Major ESG Bond Investments

(Unit: KRW billion)

BOND NAME	Trade Date	TRADING AMOUNT
Industrial Bank of Korea (Hybrid) 2108E2A-02 (S)	Jan. 11, 2022	9.9
Korea District Heating Corporation 50-1 (SRI)	Mar. 02, 2022	10.0
Korea South-East Power 50-1 (E)	May 09, 2022	9.8
Hyundai Capital 1877-1 (E)	May 11, 2022	10.0
Hyundai Card 812-2 (E)	Jun. 10, 2022	10.0
Korea Housing-Finance Corporation 83 (S)	Oct. 25, 2022	20.0
Hana Securities 7-1 (SRI)	Dec. 05, 2022	9.5
Mirae Asset Capital 51-1 (SRI)	Mar. 22, 2023	20.0

Listing of Green Energy ESG ETN In August 2022, NHIS's first ESG ETN product, "QV iSelect-WG Green Energy ESG ETN", was listed on the stock market. It is an exchange-traded note ESG-related index that represents the investment performance of stocks that are both investable and well ESG-performed, such as KEPCO, Hanwha Solutions, and HD Korea Shipbuilding & Offshore Engineering. Utilizing big-data and text-mining logic, we select stocks by scoring eco-friendly keywords in business reports and analyst reports.

Management of the NH-Amundi 100-Year Corporate Green Korea Fund NHIS practices responsible investment by managing the "NH-Amundi 100-Year Corporate Green Korea Fund," a domestic equity-type ESG fund dedicated to ESG factors in investment decisions to meet the retail investors' appetite for the green theme. The domestic large-cap equity fund mainly invests its assets to hydrogen and new and renewable energy sectors, as well as the electric vehicle industry, which is expected to accelerate market growth due to the tightening of carbon emission regulations. It has enhanced its ESG maturity by reflecting the expertise of NH-Amundi Asset Management, which manages the largest socially responsible fund in Korea, and the investment strategy of Amundi, a leading European asset manager with responsible approach to apply ESG criteria across its investments. The fund is benchmarking the MSCI Korea IMI ESG Universal Capped Index. From an ESG perspective, we view eco-friendliness, platforms, and healthcare as sustainable growth areas, and pursue a strategic long-term investment in both investible and well ESG performed companies. The fund is designed to invest 30 to 60% of assets to secondary batteries, hydrogen and new and renewable energies.

Launching of the NH Nonghyup Ag-tech Win-Win Innovation Fund In October 2022, the National Agricultural Cooperatives Federation (NACF) launched a win-win innovation fund worth KRW 53 billion to discover and nurture innovative digital companies in the agricultural market. The "NH Nonghyup Ag-tech[1)] Win-Win Innovation Fund" has been established by NHIS and other NH affiliates. Through digital innovation and fostering smart agriculture, we seek to overcome rural difficulties such as labor shortages and rising farming costs and secure a driving force to develop agriculture into a high-tech industry of the future. Accordingly, we established a plan to vitalize digital technology in the agricultural sector by discovering and collaborating with agricultural cooperatives and innovative companies on pilot projects and holding ag-tech forums on a regular basis. NHIS will make continuous efforts to create an investment ecosystem that can achieve win-win innovation for the entire agricultural industry, including production and distribution.

[1)] Ag-tech: A compound word of agriculture and technology to refer to cutting-edge technology applied to agricultural production

Operation of the Win-Win Bond Trust System NHIS has developed and manages "Win-Win Bond Trust System" to resolve overdue payments at construction sites. Previous direct payment system at construction sites is vulnerable to problems arising from the seizure of construction payment bonds and settlement disputes. By supplementing the payment system with the win-win bond trust method, subcontract payments are entrusted to a trust company, and construction payment re-deposited into a dedicated trust account. This precautionary step ensures that even if a subcontractor faces insolvency, resulting in provisional seizure and rehabilitation procedures for the construction payment, the subcontractor's payment remains protected. This measure effectively eliminates the risk of delays in the construction process caused by non-payment of wages.





Material ESG Issues

DOUBLE MATERIALITY TEST

NHIS has conducted a double materiality test to select topics of interest to internal and external stakeholders and important issues affecting the company's sustainable development. Double materiality is the concept that both social and environmental factors that affect a company's financial position and the outward impact of its business activities must be considered. Accordingly, it is used as a tool to determine the impact of ESG on the economic value of a company.

STEP 1
Forming an ESG Issue Pool

- Forming a pool of 40 potential issues based on international initiatives and guidelines, and analysis of ESG evaluation indicators as well as benchmarking of global leading companies and peer companies
- Analysis of previous year's issues and collection of internal opinions to derive a pool of 30 ESG issues

Analyzing Social and Environmental Impact

- Review of international initiatives and guidelines: Using international standard initiatives such as GRI Standards, ISO 26000, and UN SDGs
- Media analysis: Analysis of 1,993 articles on environmental, social, and economic performance and ESG issues (Period: Jan. 1, 2020 – Dec. 31, 2022)
- Collection of stakeholder opinions: Analysis of ESG issues and opinions of stakeholders (Period: Feb. 20 – Feb. 27, 2023)

STEP 2
Identifying Issues

Analyzing Financial Impact

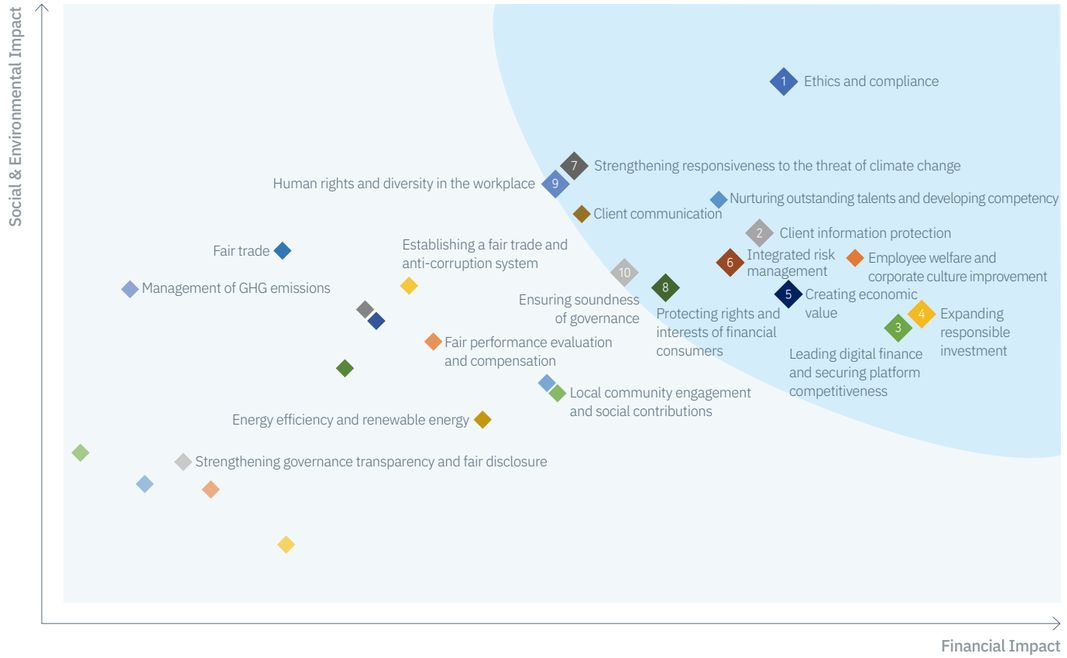
- Benchmarking: Benchmarking of 9 outstanding domestic and foreign peers
- Analysis of issues in previous reports: Analysis of key issues in the last 3 years
- Collection of stakeholder opinions: Analysis of ESG issues and opinions of stakeholders (Period: Feb. 20- Feb. 27, 2023)

STEP 3
Selecting 10 Final Material Issues

- Quantifying the social and environmental impact and financial impact of each issue for a comprehensive evaluation
- Selecting final material issues

RESULTS OF DOUBLE MATERIALITY TEST

Based on the derived ESG issue pool, 10 material issues out of 30 issues were selected through the evaluation of their financial impact and social and environmental impact.



2023 NHIS Sustainability Management Material Issues

● : High | ◐ : Medium | ○ : Low

NO.	CATEGORY	MATERIAL ISSUES	MATERIALITY	IMPACT ASSESSMENT OF ISSUES[1]		
				COST	REVENUE	RISK
1	Economy & Management	Ethics and compliance	Financial Impact, Social & Environmental Impact (double)	○	○	●
2	Client	Client information protection	Financial Impact, Social & Environmental Impact (double)	○	○	●
3	Economy & Management	Leading digital finance and securing platform competitiveness	Financial Impact (single)	○	●	○
4	Social	Expanding responsible investment	Financial Impact (single)	○	◐	◐
5	Economy & Management	Creating economic value	Financial Impact (single)	○	●	○
6	Economy & Management	Integrated risk management	Financial Impact, Social & environmental impact (double)	○	○	●
7	Environmental	Strengthening responsiveness to the threat of climate change	Financial Impact (single)	◐	○	◐
8	Client	Protecting rights and interests of financial consumers	Financial Impact, Social & Environmental Impact (double)	○	○	●
9	Employee	Human rights and diversity in the workplace	Financial Impact (single)	○	◐	◐
10	Economy & Management	Ensuring soundness of governance	Financial Impact, Social & Environmental Impact (double)	○	○	●

[1] Impact assessment of issues: Stakeholder perception of the scope of influence (cost, revenue, risk) of each issue (High: 60% or more; Medium: 35%-60%: Low: less than 35%)

Management Approach

NHIS is actively responding to future changes by analyzing and identifying ever-changing industry issues to grow into a sustainable financial company. In particular, we choose material issues that impact our sustainability management and conduct relevant activities from the mid- to long-term perspective.

MATERIAL ISSUE	CONTEXT	OUR APPROACH	2022 ACHIEVEMENT	PAGE
Ethics and compliance	• A company's unethical and nontransparent behavior has a great impact on its reputation and value. Therefore, a company must follow ethical rules, and all employees must have a sense of compliance. To this end, we must pursue responsible management by strengthening internal and external monitoring while the company and its employees must internalize a sense of ethics and integrity.	• To promote ethical management, NHIS has established the Ethical Management Committee, the highest decision-making body, and proclaimed the Ethics Charter, the highest code of ethics. In adition, we have internalized the ethical awareness of our employees through activities to spread the culture of ethical management while operating internal and external reporting systems as well as an anti-corruption program.	• Conducted employee training on ethics • Announced Ethics Charter, Code of Ethics, and Employee Code of Conduct	85-86
Client information protection	• Since client information is an important asset of financial institutions, a leakage of client information by cyber threats can lead to enormous financial damage. In response, it is necessary to establish and operate an information security management system and raise the awareness of information protection among employees.	• NHIS has been active in establishing an information security management system by having the Information Security Department directly under the CEO, organizing employee engaged campaigns to raise awareness about information protection and providing comprehensive training to employees on safeguarding sensitive data. In addition, even after acquiring the information security management system certification, we have managed the matters found through the renewal audit by continuously improving and supplementing them.	• Acquired ISO 27001 certification, an international standard for information security • Zero cases of personal information leaks	89-91
Leading digital finance and securing platform competitiveness	• For digital finance and platform competitiveness, it is necessary to digitize existing financial services and utilize cutting-edge technologies to provide more convenient and customized financial services. By providing competitive digital financial services to our clients, we can lead the financial market of the future.	• NHIS is upgrading its mobile platforms such as NAMUH and QV to become a securities leader in the digital financial market while enhancing its digital capabilities and competitiveness by applying various digital-related services and technologies.	• Won the gold prize at the 2022 Korea Mobile Awards • Launched various digital-related services (PRAP, NH data, NAMUH PLCC[1] card, etc.)	68-70
Expanding responsible investment	• In order to promote responsible investment, in which companies carry out investments and management in consideration of social and environmental responsibilities, we have established related processes and are carrying out activities to expand green investment products and services.	• NHIS has established the principles of responsible investment and conducts responsible investment activities such as selling ESG bonds, expanding eco-friendly investments, and launching NH Nonghyup Ag-tech Win-Win Innovation Fund, and developing green investment products.	• Launched the Pan- NH Nonghyup Ag-tech Win-Win Innovation Fund • Implemented the principles of responsible investment	41-43
Creating economic value	• Economic performance refers to the profits and financial performance generated by a company through the efficient use of its assets. To this end, companies should establish and implement various management strategies and strive to achieve long-term sustainable development.	• NHIS successfully launched new blind-pool funds, sold-down existing funds, and earned paybacks. As a result, NHIS has achieved outstanding economic performance in spectrums of investment.	• Improved client satisfaction via diversified branch types • Expanded client's access to investments	61-64
Integrated risk management	• For integrated risk management, it is necessary to establish a process to prevent, monitor, and respond to risks. The process enables companies to be resilient even in times of crisis and turn crises into opportunities.	• NHIS periodically reports on the status of its risk management for effective risk management and strengthens risk management by operating department in charge of planning, management, supervision, and examination under the Risk Management Group. In addition, we set in place decision-making bodies such as the Risk Management Committee to strive for systematic risk management.	• Administered risk management decision-making bodies • Risk managed for potential Project finance related risk contamination	87-88
Strengthening responsiveness to the threat of climate change	• Companies must make a positive environmental impact by implementing responsible investments and nurturing green industries. Since the climate crisis can lead to a financial crisis, we must consider climate change issues and manage climate risks.	• NHIS has established Carbon Finance Team to respond to climate change, specializing in carbon credit- trading. Also, the company is practicing green finance by improving the work environment.	• Established Carbon Finance Team • Oorganized monthly eco-friendly employee engaged campaigns • Acquired ISO 14001 certification, an international standard for environmental management	54-59
Protecting rights and interests of financial consumers	• Since the enforcement of the Act on the Protection of Financial Consumers, the obligations of financial product vendors have been expanded in the process of selling and managing financial products. Efforts should be made to prevent incomplete sales and prevent consumer damage in advance.	• NHIS strives to protect consumers in financial activities by establishing a consumer protection system throughout the entire sales process. In addition, we are engaged in various activities related to financial consumer protection, such as financial tutorials for consumers and training on complete sales for employees.	• Operated a financial consumer protection system throughout the entire sales process • Conducted employee training about the complete sales of financial products • Hosted "555 Festa" to raise awareness of financial consumer protection	65-67
Human rights and diversity in the workplace	• Companies must establish a culture that ensures and respects human rights and diversity within their organizations. Further, it is necessary to ensure fairness without discrimination and create an organizational culture in which employees can perform various roles and responsibilities through competency development.	• NHIS has established a Human Rights Policy and a DEI Policy, demonstrating a commitment to people-centric and equitable management practices, free from any form of discrimination. Furthermore, the organization safeguards the human rights of its employees through a range of welfare programs and capacity development initiatives.	• Established the Human Rights Policy, DEI Policy, and the Safety & Health Management Policy • Supported the ESG degree program for executives • Supported the employee assistance program (EAP)	71-75
Ensuring soundness of governance	• Ensuring the soundness of governance is an important factor for the continued growth and stable management of a company. To this end, companies must establish a system in which management and the board of directors can maintain mutual monitoring and balance. They should review and improve the independence and roles of the board of directors, executive remuneration and appointment procedures, shareholders' rights protection, and accounting audits while realizing transparent and fair management through continuous interaction with various stakeholders.	• NHIS has secured soundness by transparently disclosing information related to governance to public while carrying out various activities such as adopting an electronic voting system for shareholder-friendly management and enhancing expertise in its overall management through the activities of committees within the board of directors.	• Launched the ESG Committee within the Board of Directors • Secured the Board's diversity and expertise	80-84

[1] PLCC: Private label credit card

ESG Communication

STAKEHOLDER COMMUNICATION

NHIS defines shareholders, clients, employees, and local communities as its major stakeholders that directly and/or indirectly affect its management activities, and operates various communication channels to facilitate seamless communication with them.

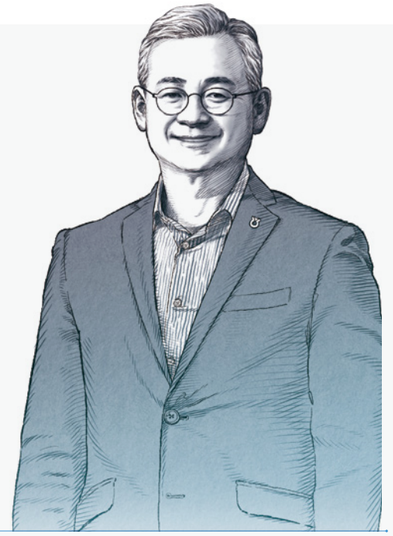
NHIS reflects the opinions of stakeholders by bringing up potential setbacks of each stakeholder group through various communication channels and establishing an honest relationship for improvement. We will continue to strive for sustainable development by actively reflecting the voices of stakeholders in our management.

Stakeholders and Main Communication Channels

CATEGORY	COMMUNICATION CHANNELS AND RESPONSE ACTIVITIES	KEY ISSUES OF INTEREST	2022 KEY ACHIEVEMENTS
Shareholders and investors	• General shareholder's meeting • Management disclosures • Seminars and presentations • IR activities • Website • Phone calls	• Ensuring the soundness of governance • Integrated risk management • Ethics and compliance • Generating economic values	• Launch of the ESG Committee within the Board of Directors • Enactment and announcement of Ethics Charter, Code of Ethics, and Employee Code of Conduct
Employees	• Management strategy meetings • Internal broadcasting • Intranet • Employee satisfaction survey • Labor-Management Council • Industrial Safety and Health Committee	• Fair performance evaluation and compensation • Recruitment of top talent and competency development • Improving employee welfare and corporate culture • Employees' occupational safety and health • Securing employees' human rights and diversity	• Won the Minister of Employment and Labor Award for outstanding work-life balance practice • Launched various welfare programs
Clients	• VOC, Chatbot Noah • Client satisfaction survey • NHIS headquarters and branches • Seminars and presentations • Social media • Mobile applications	• Client information protection • Client communication • Protecting the rights and interests of financial consumers • Client relationship and satisfaction management	• Ranked top in overall satisfaction in client usage pattern surveys of securities companies • Ranked top at the Korea Brand Recommendation Index hosted by Korea Management Association Consulting in 2022 • Launched the future-oriented Gangnam Flagship Center
Local communities	• Social Contribution Group • Website • Measurement of social contribution activity performance	• Enhanced financial assistance for the general public and vulnerable populations • Practicing inclusive finance to support SMEs and micro enterprises • Community involvement and social contribution	• Social contribution activities to support the betterment of rural areas • Youth scholarship support • Support for the restoration of areas affected by wildfires in Gangwon-do
Government and related agencies	• Press release • Public hearings • Seminars and meetings • Financial supervisory service	• Fair trade • Response to changes in government policies and regulations	• Implementation of corporate ethics education/training programs • Fulfillment of tax obligations

ESG Insight

As the CEO of NH Investment & Securities (NHIS), you consistently emphasize ESG management. Please tell us about the direction of NHIS's ESG management in terms of the social responsibility of a financial company.



Jeong Young Chae
President & CEO, NH Investment & Securities

Having recognized the importance of non-financial value for sustainable growth, NHIS implements various ESG management activities to establish a sustainable management system.

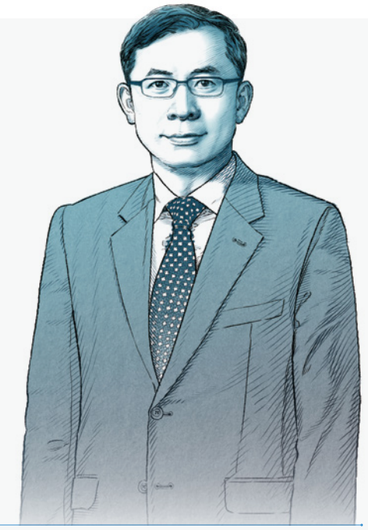
First, we will prepare for the era of ESG, which has been positioned as a new business area itself.
By leading the carbon finance market, establishing responsible investment principles, and expanding green investments, we will lay the foundation for NHIS to take a new leap forward.

Secondly, we will develop into a financial company that coexists with the world.
We will contribute to creating a happy and safe world by expanding our social contribution activities and donations, ensuring human rights and safety in the workplace, and promoting eco-friendly policies for a better society to live in.

Thirdly, we will endeavor to strengthen our reliability in ESG management.
ESG management is an irreversible trend of the times. We will achieve more reliable services for our clients and other stakeholders by expanding the disclosures of our various ESG management activities.

Moving forward, on the back of active ESG management, NHIS promises to generate new business opportunities and to grow together with its various stakeholders.

With reference to the ESG management of NHIS, please tell us about the activities of the newly established ESG Committee and what role it plans to play within the company.



Park Min-Pyo
Chairperson of ESG Committee

NHIS has established the ESG Committee to realize more substantial ESG management and establish a management decision-making process from an ESG perspective. The ESG Committee establishes the company's ESG-related management strategy and manages and supervises its implementation.

In 2023, the ESG Committee will endeavor to build a foundation for corporate value growth through the revitalization of ESG management.

First, we will strengthen our efforts for the disclosure of environmental information utilizing the environmental management system (ISO 14001). We will also strengthen the environmental management system by supporting the establishment of a carbon emissions measurement system of NH Financial Group.

Secondly, we will establish a socially responsible management system by implementing the safety and health management system (ISO 45001) and instituting and publicly announcing various policies such as human rights policy, diversity, equity & inclusion policy, and principles for responsible investment.

Thirdly, we will strengthen the role of the ESG Committee while internalizing ESG management through various ESG-driven pivoting activities as well as enhancing reliability in our ESG management.

Looking ahead, the ESG Committee will make efforts to ensure that NHIS leads ESG management in the capital market.

02

NHIS ESG PERFORMANCE

ENVIRONMENTAL
054 Strengthening Proactive Responses to Climate Change Impacts
058 TCFD

SOCIAL
060 Client-Centric Management
065 Protecting the Rights and Interests of Financial Consumers
068 Digital Finance and Platform
071 Respect for Human Rights
076 Win-Win Management

GOVERNANCE
080 Secure Healthy Governance Structure
087 Integrated Risk Management
089 Strengthening Information Protection





ENVIRONMENTAL

Climate change impacts our environment, and it is a global consensus that climate change is a significant challenge. To actively respond to such alarming issue, NHIS provides eco-friendly, green finance services and systematically discloses the status of environmental management implementation. In addition, we created the Carbon Finance Team and are taking leading steps for the transition to a low-carbon economy.



STRENGTHENING PROACTIVE RESPONSES TO CLIMATE CHANGE IMPACTS

Environmental Performance Management

ISO 14001

In July 2022, NHIS was certified with an international standard on environmental management systems (ISO 14001), receiving acknowledgement that it established and operates a globally standardized environmental management system. We built a systematic management system, including establishment of the Sustainability Council to deliberate and decide ESG plan, establishment of a department dedicated to ESG, and public disclosure of our environmental management policy that meets international standards. In addition, we are making active efforts to promote environmental management, such as reflecting the environmental management process as each business segments' KPI and running campaigns to raise employee awareness.

Environmental Performance Disclosure

NHIS is managing major environmental data, including greenhouse gas (GHG), wastes, and energy consumption, through a GHG management system. In addition, we annually collect, monitor, and systematically manage the performance of environmental indexes, including GHG, energy, waste, and water, and transparently disclose carbon emissions-related information by reporting to CDP. In case of waste disposals, we ensured that they are mostly recycled based on a contract with an outsourced service company.

Please refer to pages 103-105 of the ESG Factbook for 3-year environmental performance from 2020 to 2022.



Acquisition of ISO 14001, an international standard for environmental management system

Eco-Friendly Work Environment

Sustainable purchase with environmentally-friendly products

When purchasing products, NHIS places priority on high-efficiency and eco-friendly products as part of practicing green management. Also, we primarily consider eco-friendly green products for the purchases and rentals of electronic equipments and promote electrical efficiency through electrical safety inspection in a regular basis. As of 2022 year-end, three out of 69 fleet vehicles were electric vehicles (EVs), and we plan to steadily increase the proportion of EVs.

Water reclamation and reuse system The Parc.1 building, where NHIS headquarters is located, has a water reclamation and reuse system for sewage treatment. Through the water reclamation and reuse system, which is a facility that treats used tap water so that it is reused as domestic water and industrial water, we are actively promoting to reducing water waste and taking part in environmental protection.

Please refer to page 104 of the ESG Factbook for information about reclaimed water consumption.

Tumbler washers As part of our efforts to protect the Earth by reducing GHG emissions, we installed tumbler washers at the cafeteria on each floor of headquarters. By making it easy to wash tumblers, we are spreading a company culture that encourages employees' use of multi-use tumblers and that employees take part in. After installation of the tumbler washers, we held a "multi-use tumblers clean-up campaign" to encourage employees to take part in environmental protection activities. We hope to reduce GHG emissions of two tons per 1,200 employees at headquarters by running the multi-use tumblers campaign.

Recycling NESPRESSO coffee capsules As a consensus among employees has been formed regarding the need to recycle coffee capsules that were discarded as general waste, we ran the "coffee capsule green moment campaign" to collect coffee capsules and recycle them, with cooperation from NESPRESSO. Employees discard coffee capsule in the capsule-only collection box located on each floor, after which the capsules are collected all at once and recycled. Through such campaigns, we are striving to raise employee awareness of resource circulation and waste reduction through recycling activities and establish an eco-friendly work environment. From July to December 2022, around 15,000 coffee capsules that were collected and recycled from the NHIS head office for six months from July 2022 were recycled, reducing around 57kgCO_2eq of GHG emissions which is the same amount as carbon dioxide annually absorbed by seven 30-year-old pine trees.

Fleet Vehicles



* As of the end of 2022

Establishing a Culture of Environmental Management

Providing Eco-friendly Services

Digital counters NHIS adopted digital counters to reduce paper use and distributed tablet PCs at the company level, inducing employees to use them during consultation. Internally, we use the electronic reporting system to spread a culture of environmental protection. In addition, we make continued efforts to reduce paper waste when providing services, such as providing financial product information via short message service (SMS) or email.

Discontinued issuance of paper bankbooks NHIS discontinued to issue paper-based bankbooks in 2022 and took part in efforts to reduce carbon emissions. This has significance in that it is a "joint ESG" environmental protection activity that is participated in by clients as well as NHIS employees. At the same time, it helped to raise work efficiency by improving the work environment with less electric equipments. Clients were acknowledged with our discontinued paper-based bankbook issuance service well before the discontinuation via homepage announcements and mailing notice to minimize the inconvenience.

Employee Engaged Campaigns

Green Leader "Green leaders", employees keen to actively participate in ESG and green environmental trends, are nominated from each department and branch. Green leaders strive to internalize ESG management at their respective department and branch by engaging in diverse activities, such as providing field support for ESG management, holding ESG-related events, and managing environmental data.

"Let's Work For ESG" Walking Campaign Towards 6.1 Billion Steps
NHIS participated in the "Walking Campaign towards 6.1 billion steps", a pan-NongHyup employee engaged campaign to practice ESG that was held by the National Agricultural Cooperative Federation (NACF). The 6.1 billion steps refer to the past 61 years since the establishment of NongHyup in 1961 during which farmers, clients, local communities, and employees have walked together hand in hand. 6.1 billion steps also corresponds to the distance of 100 rotations of the Earth, and reflects our commitment to reminding ourselves of how valuable the nature and environment is by walking a distance of a single rotation every day and to accomplish "100 Years Together with NongHyup".

Employee Engaged Green Campaigns

DATE	CAMPAIGN	DESCRIPTION
Mar. 2022	2022 "ESG slogan and naming" contest	Held the ESG slogan and ESG manager naming contest to raise understanding and employee interest to implement ESG management
Apr. 2022	"Green Leaders" Nomination	Nominated Green Leaders to guide ESG-related activities at each department and branch
May 2022	Companion plants campaign	Incorporated companion plants to spread the ESG awareness and go green in the office
Jun. 2022	Book recycling campaign	Encouraged employee donations to promote resource circulation and independence for adults with disabilities
Jul. 2022	Lowering email carbon footprint campaign	Raised awareness of carbon generated by accumulated email and initiated carbon reduction activities by emptying email box
Aug. 2022	Multi-use tumblers clean-up campaign	Reduced use of paper cups and recommended the use of multi-use tumblers by installing tumbler washers
Aug. 2022	Saving tips to conserve energy while on vacation	Distributed a promotional material on how to conserve energy by sharing information on products that use standby power
Sep. 2022	Green walking Campaign	Participated in net-zero journey through employee walking campaign, and raised employee understanding and interest in ESG
Oct.-Nov. 2022	Walking Campaign Towards 6.1 Billion Steps	Participated in the walking campaign led by NACF to spread a culture of practicing carbon reduction and form a consensus on NongHyup's commitment to ESG actions

Implementation of Net Zero Finance

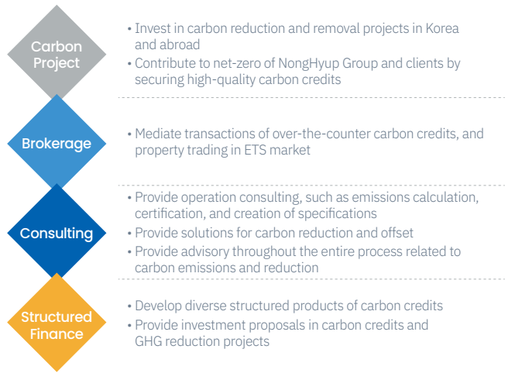
Coal-Free Finance

As environmental issues are growing in intensity due to the climate crisis, various industries are taking the lead in establishing measures. Accordingly, the financial industry is also striving to provide green financial services with a sense of responsibility. In February 2021, NH Financial Group declared its commitment to coal-free finance and is taking an active lead in sustainable net-zero growth. In support of the NH Financial Group's commitment, NHIS strives to fulfill our roles for increasing ESG awareness in the capital market. To this end, we ban participation in new project financing for construction of domestic and overseas coal power plants and prohibits the underwriting of new bonds that are issued for the construction of coal power plants, and actively support the clean energy transition of coal power plants to new and renewable energy infrastructures.

Creation of the Carbon Finance Team

NHIS organized the Carbon Finance Team to develop into a leading platform player in the domestic and overseas voluntary carbon market that connects all carbon finance demand of clients and optimal solutions. The Carbon Finance Team will secure many quality carbon credits through GHG reduction projects in Korea and abroad and provide comprehensive carbon-offset consulting, and seeks to lead the client-targeted carbon market through carbon credit brokerage and development of diverse financial products. To this end, it is building a strong network with carbon trading market participants in Korea and abroad, while establishing a system and capabilities, such as strengthening ETS market trading capabilities with experts and building an internal system. The Team will conduct carbon offset projects that are specialized in agricultural and livestock farming areas, which have a high level of relevance to NongHyup Group, and expand relevant businesses to trade carbon credits that it acquires through these projects in domestic and overseas carbon markets.

Carbon Finance Team Strategies



Carbon-related Business

Voluntary carbon market credit trading business In January 2023, NHIS established a base to participate in the voluntary carbon market credit trading business by signing a contract on investing in a GHG reduction business entity through biochar production with 4EN, a wastes-based eco-friendly social enterprise. We expect to obtain carbon credits totaling 167,000 tCO_2 by 2030 through this investment contract. This is the first case in Korea of participating in the voluntary carbon market based on biochar production technologies. We plan to expand our carbon credit-related financial business by providing consultation services to companies and organizations that need to reduce GHG emissions by developing carbon finance in diverse areas.

MOU on business collaboration of a global GHG reduction project
NHIS and SK forest signed an MOU on "business collaboration of a global GHG reduction project" in March 2023. SK forest is a leading carbon credit business company that is actively developing overseas GHG reduction projects. Through the MOU, the two companies seek to address common tasks, which are spreading ESG management and implementing carbon neutrality, in addition to the carbon reduction business aspect. They will jointly carry out the distribution and installation of high-efficiency cook stoves and water purifiers and restoration of mangrove ecosystem that SK forest is working on in East Timor. This will enable us to establish a foundation for a sustainable carbon credit business and build an effective GHG reduction model that contributes to resolving various environmental and social issues.



MOU on business collaboration of a global GHG reduction project

TCFD

Climate change is impacting local communities through natural disasters, including earthquake, tsunami, typhoon, and heat wave, as well as ecosystem and biodiversity issues. In addition, consideration is being made for climate change's economic impact that can be directly connected to livelihoods. The Intergovernmental Panel on Climate Change (IPCC) called for carbon neutrality execution efforts in the international community to restrain the rise of Earth's average temperature above pre-industrial levels. The TCFD, an international organization related to climate finance, announced a recommendation to disclose financial impact related to climate change in June 2017. In September 2022, NHIS declared its support for TCFD to actively respond to the threat of climate change and voluntarily discloses climate-related in accordance with the guidelines by reflecting stakeholder interest.

TCFD Roadmap

	2021-2022	2023-2024	2025-2030
	Establish the TCFD execution system	Advance the TCFD execution system	Secure TCFD leadership
Governance	• Establish the ESG Committee within the BOD • Create the Sustainability Council and an ESG-dedicated organization	• Strengthen the ESG organization • Establish a climate change related Key Performance Index	• Advance the ESG governance system and secure ESG leadership
Strategy	• Establish mid- to long-term climate change response strategies • Declare coal-free finance • Increase participation in global initiatives	• Expand ESG related financial investment • Advance ESG Taxonomy	• Advance strategic target on ESG and climate-change responses
Risk Management	• Analyze financial impact of asset/investment portfolio • Review the establishment of a climate risk management system	• Strengthen engagement activities for high emitting industry • Advance the investment exposure management system by industry	• Establish a climate risk-reducing evaluation process and investment management system • Establish a climate-related financial risk management system
Metric and Targets	• Establish and manage GHG emission measurement system	• Manage carbon emissions and advance the reduction goal management system	• Expand the managerial scope of climate-change related goals • Conduct an interim evaluation of goals and implementation measure toward carbon neutrality

Net Zero Plan

Governance

ESG Manager (Green Leader) | ESG Department | Sustainability Council | ESG Committee

Foundation

Set a goal for asset/investment portfolio | Establish a climate risk management system | Establish an ESG vision which incorporates climate risk | Establish strategies to achieve carbon neutrality by year 2040

Implementation Strategy

Invest KRW 1 trillion in low-carbon green industries

Engagement Strategy

Investor and stakeholder participate

Client communication and gather opinions

Metric and Targets

Increase investment in green industry

NHIS's Response to Climate Change

TCFD RECOMMENDATION		NHIS PROGRESS
Governance	a) Describe the board's oversight of climate-related risks and opportunities	• Recognized the need to address climate-related issues at the BOD-level • The ESG Committee discusses agenda on climate change related risks and opportunities
	b) Describe management's role in assessing and managing climate-related risks and opportunities	• The Sustainability Council discusses execution measures on climate change risks and opportunities • Established the ESG Department, an ESG-dedicated organization • Established a climate change related Key Performance Index for executives, including CEO, and all departments
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	• Recognized the climate related risk as a significant risk of the company • Established GHG Management System and operates the environmental management system • Identified opportunities and risks associated with carbon credits
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	• Identify climate change related risks and opportunities and incorporate them in business strategies • Increase green investments in new & renewable energy and low-carbon industry • Established the Carbon Finance Team to participate in the voluntary carbon market
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2℃ or lower scenario	• Analyze physical and transition risks based on the 1.5℃ scenario • Reviewed the establishment of a climate change related risk management process • Prohibit participation in investment toward coal power plants by declaring coal-free finance
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	• Assess non-financial impact through the ESG deal evaluation process • Conduct environmental/social investment policy-based negative screening • Set environmental/social criteria and conduct monitoring
	b) Describe the organization's processes for managing climate-related risks	• Report ESG issues to the Risk Management Committee and top management • Manage corporate ESG rating evaluation system • Set and monitor ESG related investment exposure limit
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	• Operate an integrated risk management system for climate change related risks • Set ESG investment goals based on the UN SDGs • Organize campaigns to raise company-wide awareness of climate change related risks
Metric and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities	• Conduct ESG sensitivity due diligence during business and client evaluations and reflecting it in corporate disclosure information • Monitor GHG emissions through GHG management system • Increase the portion ESG related investment and financial product sales
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions	• (Scope 1) 1,074.6 tCO_2eq • (Scope 2) 6,306.8 tCO_2eq • (Scope 3) 437.7 tCO_2eq
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	• Set an ESG investment target amount of KRW 5 trillion (cumulative for 2030) • Set KPIs related to ESG related investment amount and investment activities • Aim to convert fleet vehicles to pollution-free vehicles, including EVs

SOCIAL

As a part of society, NHIS goes beyond its innate goal of maximizing profits as a business and seeks to promote a virtuous cycle for the entire society including clients, partner companies, and local communities. In addition, we strive for a corporate culture that respects human rights and promotes diversity. Aiming to become “a sustainable financial platform leading for a better tomorrow”, we plan to pool our capabilities and wisdom to not only enhance client value but also to create social value.



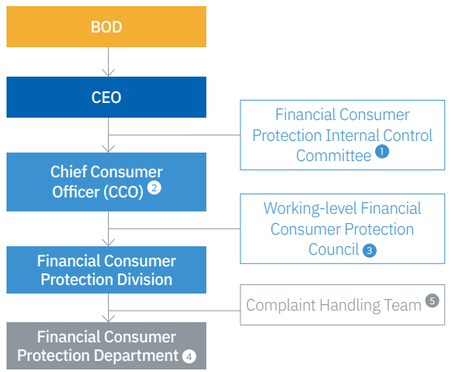
CLIENT-CENTRIC MANAGEMENT

Client-Centric Management System

Client-Centric Management Organization

NHIS has established the Financial Consumer Protection Group under the CEO to practice client-centric management and appointed a Chief Consumer Officer (CCO) for systematic organizational operation. The Financial Consumer Protection Group performs various consumer protection-related tasks such as operating campaigns to spread the organizational culture of financial consumer protection, establishing a client protection system upon sales of financial products, managing the voice of customer (VOC) system, conducting CS training, and preventing and handling complaints, as well as carrying out internal control activities for financial consumer protection.

Consumer-Centric Management Organization Chart



1. **Chairperson: CEO**
   - A meeting body that consults on policy direction, fundamental plans, and institutional improvements for the protection of financial consumer rights and interests
2. **Chief Consumer Officer (CCO)**
3. **Chairperson: CCO**
   - A meeting body for interdepartmental working-level consultations on financial consumer protection issues
4. **Independent organization directly under the CCO**
   - Carrying out internal control activities to protect financial consumer
   - Reviewing the aspects of financial consumer protection prior to launch new financial products
   - All activities for the complete sales of financial products
5. **Independent organization directly under the CCO**
   - Preventing, handling, and managing clients’ complaints
   - Handling VOCs

Improving Client Satisfaction

Client Satisfaction

Ranked 1st in the overall client satisfaction level in the survey on client usage behavior in the securities industry NHIS is ranked first with a satisfaction rating of 66.1% in the “overall satisfaction” category of major securities companies in the “NH Mentors” survey, which examined the usage pattern of face-to-face and non-face-to-face channels and the perceptions of financial products and major brokerage firms among the clients of NHIS and our major competitors. We were ranked first in this category for two consecutive years from 2021 to 2022, and also ranked first in the category of “intent to continue use” with a higher score than major competitors, proving that our client-centric management efforts are bearing the fruits.

Ranked 1st in the 2022 “Korea Brand Recommendation Index” by KMAC NHIS is ranked first in the securities company category in the 2022 “Brand Recommendation Index” survey conducted by Korea Management Association Consulting (KMAC). NHIS was evaluated as having opened the paradigm of the wealth management business and having taken the lead in digital innovation by implementing a “process-centric value” evaluation system that emphasizes client value based on the management goal of becoming “a leading financial platform player in the capital market that prioritizes client value.”

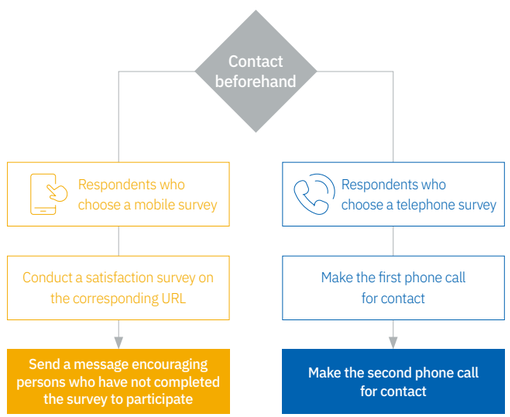
Conducting the 2022 Client Satisfaction Surveys NHIS has been conducting client satisfaction surveys since 2019 to practice client-centric management. In 2022, a total of 80 centers expanded the scope of measurement to non-face-to-face services and the QV mobile trading system (MTS), a major trading platform of NHIS, and conducted client satisfaction surveys for clients who had experienced NHIS’s advisor services and business services. A total of 26,646 clients responded to the client satisfaction survey. In the first half of the year 2022, the Advisor Client Satisfaction Survey scored 89.4 points and the Business Service Satisfaction Survey scored 94.1 points, and in the second half of the year 2022, the satisfaction scorings were remained high at 86.7 and 93.8 points, respectively.

Client Satisfaction Prediction Model

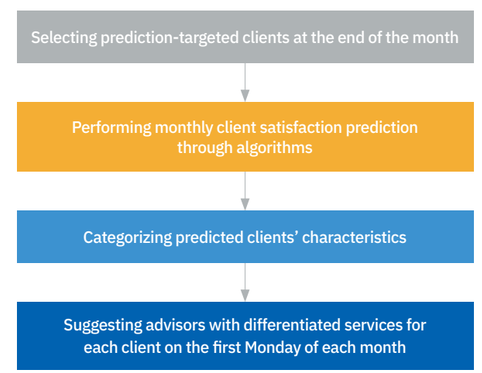
NHIS applies the “Client Satisfaction Prediction Model”, which analyzes client characteristics such as investment risk appetites and preferred asset mix, as well as big data models based on communication data such as CRM and STT[1] to increase client satisfaction. Through this model, we predict clients who need changes in their advisors’ service that are face-to-face with clients and notify the advisors monthly to manage each client proactively and effectively.

[1] CRM: Client Relationship Management; STT: Speech to Text (automatic speech recognition)

Advisor’s Client Satisfaction Survey Process



Client Satisfaction Prediction Model Process



Client Communication Channels

"NH Mentors" – client panel program NHIS operates the "NH Mentors", a client panel group, to systematically manage the quality of financial products and services that are provided to clients. In 2022, we conducted four online quantitative surveys, four client experience group sessions, three in-depth discussion meetings, and one big data analysis of panel. They were subjected to 10 topics including 6 department requested issues. Client opinions collected via NH Mentors are reflected in our service and system improvement, which enable us to effectively respond to Financial Consumer Protection Regulations. In 2022, we listened to the needs of clients and potential clients through a brand awareness survey by NAMUH Securities, a comparative survey of digital advisors' counseling capabilities, and a hybrid wealth management service survey.

Chatbot Noah In 2022, NHIS launched the "Chatbot Noah" service, which enables 24 hours a day non-face-to-face client consultations. We have greatly enhanced client convenience by allowing clients to access the Chatbot Noah anytime, anywhere through NAMUH, QV, and KakaoTalk, and clients receive responds to their inquiries spontaneously. Through chatting with Noah, clients can receive replies to their inquiries on general investment related matters such as current price of certain stocks, and fund withdrawals, as well as inquiries on trading system such as password retrieval. Prior to the launch of the service, NHIS ensured the usability of the service through the operation of the service trial group, and we are continuously improving the service for the inconvenience of the clients.

Listening to Client Feedback

Voice Of Customers (VOC) NHIS has established the Complaint & VOC Team within the Financial Consumer Protection Group to systematically collect and process our clients' opinions and complaints. In general, the Complaint and VOC Team reviews the received opinions and complaints promptly and notifies the replies/results within 14 business days for complaints and 2-5 business days for VOCs from the date of receipt. We also take swift action on any unlawful violations or compensation for damages.

Incorporation of client feedback NHIS incorporates clients' opinions collected through client complaints and VOCs in the financial product development and/or improvement stages to expand client engagement in business activities and respond to market changes. In 2022, we improved our client service by incorporating the client's opinions on providing a "share" function within the NAMUH Securities event page.

Client Satisfaction Enhancement Service

Tax Center NHIS established the "Tax Center", the first of its kind in the domestic securities industry. The Tax Center provides bespoke tax consulting services to meet the increased tax-related issues and needs of clients under volatile and complex market condition. The center oversees tax service planning, platform implementation, and VIP consulting while striving to expand the competitiveness of tax solutions—which are the core of retail wealth management—and to establish conscientious tax payer's culture through tax consulting. In addition, the center is planning a number of academic programs, periodicals, and content using external YouTube media to bring up knowledge on perceptions of fairness and tax compliance attitudes.

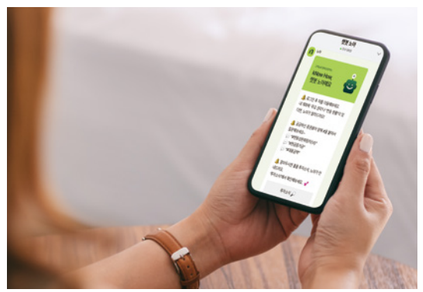
Centenarian Age Life College/Academy NHIS offers the "Centenarian Age Life College/Academy" program, which is a premium academic program for the new middle-aged. The Centenarian Age Life College/Academy" is a specialized program jointly developed by NHIS's Centenarian Age Research Institute, the prime research institution in the field of lifetime wealth management and retirement planning, and the "Translational Gerontology & Retirement Research Center" at Seoul National University for VIP clients in their retirement period. The program is an 8-week course and is conducted at the campus of Seoul National University. Through lectures in various fields such as international trends, arts, and health, the program helps clients design their lives after the retirement. In addition, campus tours and outdoor activities are provided to aim to strengthen colleaguemanship among participating clients.

Overseas Stock Investment Information Service NHIS provides a 24-hour translation service of Reuters news from the U.S., China, and Hong Kong, in order to preemptively respond to the growing investment interest in overseas stocks following the revitalization of the domestic stock market. Further, we produce mobile card news for recommended stocks and operate the AI PICK3 service, which recommends three investable stocks daily using AI technology and provides a one-minute video for each stock.

In particular, NHIS is strengthening our investment information service for U.S. stocks and promoting the introduction of a differentiated platform. Through an exclusive business agreement with Value Line, a US investment research company, we plan to provide domestic investors with specialized investment information which includes not only original texts but also translated/edited versions and to offer brokerage services for U.S. Public offering stocks and unlisted stocks.

"NH Mentors" Client Panel Program Operation in 2022

Online quantitative surveys	Client experience trial groups	In-depth discussion meetings	Panel big data analysis
4	4	3	1



Landing page of the Chatbot Noah

VOC Handling

(Unit: Number of Cases, %)

CATEGORY	2021	2022	CHANGE	
			NUMBER OF CASES	YOY
Inquiries	18,359	8,072	-10,287	-56.0
Suggestions	2,515	1,362	-1,153	-45.8
Complaints	3,179	1,409	-1,770	-55.7
Compliments	755	847	+92	+12.2
Total	24,808	11,690	-13,118	-52.9

Incorporation of Client Feedback

YEAR	CATEGORY	CONSUMER OPINION	PRODUCT/SERVICE DEVELOPMENT AND IMPROVEMENT
2020	Complaints	• Request for domestic stock/ETF accrual services • Request for the wording of the fee stated in the general account terms	• Added and changed the notifications for domestic stocks/ETF service fee on NAMUH (MTS) • Corrected typo in the account terms on the website and MTS
	VOC	• Increasing overseas stock trading types	• Implemented US aftermarket trading service and added more trading options
		• Request for REITs trading service in IRP account	• Implemented a REITs trading service in IRP account
2021	Complaints	• Request for the improvement of information on foreign currency securities-secured loans not being available (MTS)	• Added a detailed phrase in notes when a loan agreement is made (foreign currency securities-secured loans require a prior agreement made by visiting the branch, no such loan service is available for NAMUH account)
	VOC	• Request for a service related to overseas stock trading	• Began to offer real-time US stock market prices without fee, extend the after-market time, provide fractional share trading service for overseas stocks, and offer such online services as the US stock STOP Booking service
		• Request for an online service for foreign currency withdrawal	• Began to provide a mobile service, and improved the same name criteria for foreign currency transfers
2022	VOC	• Request for the event-sharing function of NAMUH Securities	• Plan to introduce a share button within the NAMUH Securities event page
	Complaints	• Request improvement on function to check maturity extension option	• Improved the maturity extension screen on NAMUH MTS to enhance visibility on stocks for which maturity extension is possible and reasons for an extension being impossible
	VOC	• Request for the futures option balance valuation and stock futures/options rate of returns on the HTS screen	• Added futures/options entry profit and loss valuation and entry
	VOC	• Request for the expansion of service on real-time bid/ask prices for U.S. stocks	• Started the service to provide 20 bid/ask prices on real-time market, the same service provided for the domestic stocks, for free of charge

Expanding Financial Access

Expanding Spatial Accessibility

Opened future-oriented branch "Gangnam Flagship Center" In August 2022, NHIS opened a future-oriented branch, "Gangnam Flagship Center" which offers services toward needs of high-net-worth (HNW) clients, office workers with high interests in investing in the in the vicinity of Gangnam Station, and non-face-to-face clients. For the first time in the industry, the center has introduced "9 to 7 service" to maximize convenience and accessibility for clients such as office workers who are inconvenienced visiting branches during the office hours. The introduction of the NAVER branch-visit reservation system has further improved client convenience by allowing investment consultations and financial chores to be handled without waiting.

Opened Pangyo Biz Plus Financial Center NHIS has launched the Pangyo Biz Plus Financial Center, which is tailored to the needs of young and rich VIP clients, reflecting the characteristics of Pangyo New Town, where the majority of companies are engaged in IT/BT and gaming platforms. WM advisors, along with the Corporate RM and Pension RM, provide comprehensive financial consulting services for corporations and related individual clients. As a result, various services that meet the needs of our clients, such as personal and corporate wealth management, and retirement pension consulting, are provided in one space.

Expanding Temporal Accessibility

Launched a 24/7 U.S. stock trading service NHIS has launched 24/7 trading service for U.S. stocks, which are highly attractive and demanded by clients. We have opened a daytime U.S. stock trading service for clients inconvenienced by trading hour constraint. In addition, the service has increased client convenience by introducing various trading services such as overseas stock fractional trading, accumulation service, and subscription of U.S. public offering stocks.

Expanding Accessibility for the Financially Vulnerable

Expanding access to services for the digitally vulnerable NHIS has introduced Smart Teller Machines (STMs) and Video Interactive Teller Machines (ITMs) across the nation. STMs have improved client convenience by providing easy-to-understand financial investment/trading terms on screens larger than those of existing ATMs while Video ITMs, as remote consultation devices, allow trading with detailed explanations without using a face-to-face counter. As to prevent any inconvenience caused to our clients, we have a dedicated staff at the branches for the digitally vulnerable. We have also introduced a "larger text" function in ATMs to enhance the convenience of using the service for the elderly.

Launched non-face-to-face account-opening service for minors As the range of investors who can apply the non-face-to-face real-name verification process has expanded, NHIS has introduced a service that enables minors to open securities accounts non-face-to-face. Legal representatives of minors can open securities accounts for minors through the QV or NAMUH app, which also allows account management to be easily carried out.



Gangnam Flagship Center



Pangyo Biz Plus Financial Center



STM installed at the Gangnam Flagship Center

PROTECTING THE RIGHTS AND INTERESTS OF FINANCIAL CONSUMERS

Financial Consumer Protection

Financial Consumer Protection System

NHIS upgrades its internal capabilities in line with the strengthening financial client protection policy. The Board of Directors, the highest decision-making body, determines the basic policy for the establishment and operation of the internal control system related to financial consumer protection and approves related management strategies and policies. In order to effectively carry out our duties, the Board operates the "Financial Consumer Protection Internal Control Committee" chaired by the CEO and obliges the participation of outside directors to ensure its objectivity and expertise.

Code of Financial Consumer Protection NHIS enacted the Financial Consumer Protection Charter on December 31, 2014, and revised it to the current Code of Financial Consumer Protection on January 21, 2015. This code embodies the will of NHIS to realize a financial investment company that puts the value of clients first and grows together with clients. In addition, we hold a proclamation ceremony for the "Code of Financial Consumer Protection" every year and set a "Consumer Protection Day" to write a pledge on practicing financial consumer protection.

Code of Financial Consumer Protection

The employees of NHIS shall put client satisfaction as the top priority and practice the following in order to realize a comprehensive financial investment company that grows with the success of our financial consumers.

One, we prioritize value of financial consumers and act accordingly.
One, we take the lead in protecting financial consumers by strengthening the ethical awareness of our employees.
One, we value and protect the information of financial consumers.
One, we handle financial consumers' complaints promptly and address compensation for damages fairly.
One, we provide financial product information transparently.
One, we broaden financial consumers' choice by providing product diversity.

Putting client value first,
we will make NHIS a trusted and beloved choice.

Establishment of a Consumer Protection System for the Entire Sales Process

Financial Consumer Protection System for Each Stage of Financial Product Sales

DEVELOPMENT STAGE

Prior Consultation Process
- Block any unfavorable matters to financial consumers in advance through pre-consultation and checklists between the financial product development department and the financial consumer protection department.

PRE-SALE STAGE

Pre-sale Consumer Protection
- Acquisition of certificate in financial product sales and pre-training for each financial product
- Establishment of complete sales procedures and training, financial product sales forms, and electronic systems
- Mandatory consultation for senior investors at account openings

SALES STAGE

Principle of Suitability and Appropriateness
- Consideration of financial consumers' investment assets and experience by investment and risk profiling prior to the consumers' subscription

Duty to Explain
- Explanation of financial product details and other relevant information toward confirmation of consumers' acknowledgement

Consumer Protection Rights
- Establishment and guidance of systems such as withdraw subscriptions for certain financial products for any reason, the right to claim cancellation or nullification of a financial product agreement on grounds of illegality, and the right to request financial product sellers for data/materials

Obligation to Provide Contract Documents
- Establishment of a procedure to provide contract documents to the financial consumer, without delay, with the consumers' affirmation that the documents have been delivered

Other Financial Consumer Protection Measures
- Establishment of obligations including recording communications with retail investors during sales, allowing a grace period for high-risk financial investment products sales and providing written explanations of the products, and business conduct for door-to-door sales
- Introduction of senior investors trusted supporter system, and notification to predesignated family member before confirming contracts/tradings
- Confirmation of super senior investors' contracts/tradings and compilation of checklist for complete sales

FOLLOW-UP MANAGEMENT

Post-sale Monitoring
- Confirm the appropriateness of the financial product sales process and amend any inappropriateness in the procedure

Internal Control Inspection
- Amend any inappropriateness in the process of financial product sales through inspection

The Liability for Damages Caused by Miselling
- Reimbursement of appropriate compensations and cancellation/return of unfair gains due to fraud or error, in the case of miselling

Fee Refund Service
- In cases of withdrawal of certain financial products offered, NHIS refunds the redeemed fund to the consumers within five business days from the filing date of the withdrawal of the offer

Operation of Complaint-Handing and VOC Systems
- Operation of a counter where financial consumers can make inquiries, suggestions, compliments, complaints, and informs to the company

Financial Consumer Protection Activities

Financial Consumer Protection Activities

Product Approval Committee NHIS evaluates risks and goes through the process of approval for the sale of financial investment products such as collective investment securities, derivative-linked securities, derivative bonds, wrap accounts, and money market trusts (MMT). The Product Approval Committee supervises the deliberation process for financial products and strives to secure objectivity and professionalism by enhancing the competencies of our employees.

Product deliberation process At NHIS, departments that engage in sales of financial products are required to submit financial product sales related documents to the Product Approval Committee Secretariat in accordance with the "Rules for Pre-inspection of New Product" and "Financial Consumer Protection Internal Control Regulations". The Secretariat then thoroughly reviews financial product sales related documents under the product deliberation process. The product approval process is classified by the methods of product management and the types of assets invested. The process is further sorted by the agreement/approval types of Product Approval Council approval, CRO agreement, relevant division agreement, general approval, and simplified approval, thereby building a more advanced system to operate the product deliberation process.

Building the Financial Consumer Protection Culture

In order to nurture a healthy investment culture in Korea and prevent financial damages, NHIS provides investment-related educational program to clients, tailored to meet the diverse levels of understanding/knowledge and interest of financial products. We offer a variety of educational materials such as online seminars, educational videos, and online educational content while holding seminars and workshops with experts in each field to improve clients' investment knowledge and skill. In addition, we enable investors to easily access investment information by publishing weekly reports and blog posts that informs investors with financial products' risks and investment strategies.

Retirement planning education for middle-aged and elderly clients For senior clients, NHIS provides investment education by planning and publishing the Centennial Report and other research reports. We provide easy-to-understand content to help them stably grow their retirement wealth. In 2022, we published six editions of "THE100 Report" to help seniors understand the overall aging trend, six editions of "THE100 Magazine", three editions of special reports (Middle Class Report, Rural Household Wealth Management Report, Korea Top 1% Wealth Report), and two books (2022 Retirement Pension White Paper, THE 100 Life Act 2) as part of our efforts to support financial consumers to plan for a stable retirement with a good sense of financial investment products.

Providing content for novice investors NHIS provides investment education for novice investors through online and offline channels. After analyzing the economic market condition and the current domestic and foreign investment markets, we compile investment-related contents for the use of education. In order to offer dynamic educational program, we invited three ETF managing firms to hold a webinar titled "Crisis and Opportunity, Exchange-Traded Fund (ETF) Investment Strategies" under the theme of "Domestic Market Outlook, Promising Sectors, and ETF Investment Strategy" and a webinar on "2022 Foreign Bond Investment Strategy" covering dollar bonds and local bonds investment strategies for Brazil, Mexico, and more.

Employee training on complete sales NHIS has conducted 159 complete sales training sessions for branches and centers using a video training system to help employees familiarize themselves with the complete sales procedures under the Act on the Protection of Financial Consumers. We have produced and distributed guidance and training materials, such as complete sales procedures in accordance with the implementation of "Act on Door-To-Door Sales". Following the training, we conducted mystery shopping to check whether the complete sales process is internalized. As a result, employees received an average of 94.2 points and we have conducted retraining and re-evaluation for the employees who scored below the average.

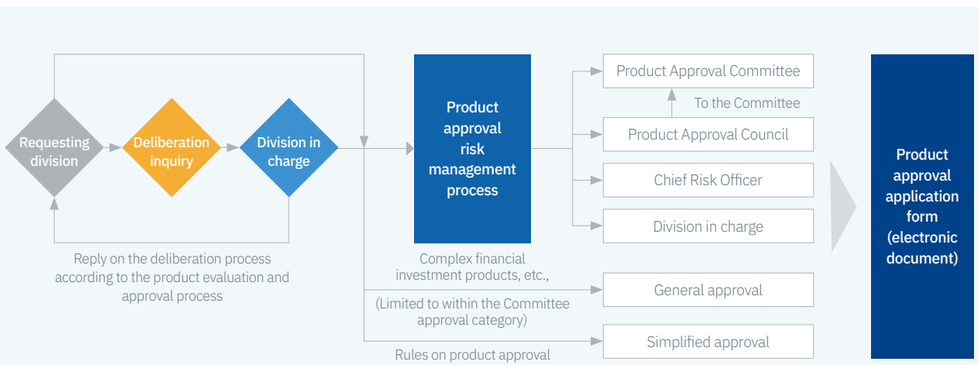
555 Festa During the Financial Consumer Protection Week in 2022, NHIS held an employees-participating event intending to recognize the importance of financial consumer protection by organizing a festival with acronyms of the Korean word "Financial Consumer", which is "Geum, Yung, So, Bi, Ja". The festival raised employees' awareness of financial client consumer protection through various events such as quizzes on basic knowledge related to financial consumer protection, submission of pledges, and self-examination of financial consumer protection. We also held a slogan contest to help raise awareness of financial consumer protection externally.

Financial consumer protection guidebook In May 2022, NHIS distributed a financial consumer protection guidebook to its employees. The guidebook outlines information on compliance with the Financial Consumer Protection Act and related regulations. In order to enhance its helpfulness, the guidebook is modified with easy-to-search contents on financial consumer protection related work protocols for the use of employees in branches and support divisions in headquarters. In addition, the revised guidebook is designed with the flow illustrations of work protocols under Financial Consumer Protection Act and newly established other regulations.

Prevention of Financial Fraud

NHIS is prepared with customized countermeasures to prevent financial fraud, including voice phishing, and the misuse of burner bank accounts, for diverse channels such as branches and non-face-to-face online. In particular, as a way to counter various financial frauds, we have expanded the monitoring of abnormal financial transactions of during off-business hours and established a 24/7 monitoring system while striving to keep our clients' assets safe by introducing a voice phishing malicious app detection solution. Moreover, we are reducing blind spots in financial fraud prevention by offering "My Account Payment Suspension Service" for the elderly and those who are not accustomed to using non-face-to-face financial services upon visiting branches and customer centers.

Product Deliberation Process



Financial Fraud Prevention Activities

Prevention	24/7 monitoring	Follow-up
Education and promotion to raise awareness of financial fraud prevention	Monitoring of suspected use of burner bank accounts through the fraud detection system (FDS)	Fraud relief reimbursement and handling of appeals

Financial Fraud Prevention Performance in 2022

Fraud prevention cases **72**

Fraud prevention summation KRW **814.9** million

DIGITAL FINANCE AND PLATFORM

Enhancing Digital Financial Competitiveness

Digital Finance-Centered Organizational System

NHIS operates the NAMUH Group and the Platform Transformation Group within the WM Digital Division for an organizational system centered on digital finance. The NAMUH Group provides wealth management services for non-face-to-face clients while the Platform Transformation Group improves UI/UX for platform users and develops and provides various investment solutions and data-based investment content. With such services and platforms, NHIS proactively responds to rapidly changing trends in the financial market and develop future growth engines.

Operating big data center NHIS recognizes the importance of big data and operates a big data center to utilize it as a strategic asset. The big data center, staffed by internal and external data experts, analyzes company-wide big data and establishes business processes linked to AI to provide optimal business solutions to each division and management while discovering new business opportunities, such as developing data-based investment content for clients. Furthermore, it plays a pivotal role in the transformation of digital finance across the enterprise.

Digital Financial Performance

Received Gold Award at the 2022 Korea Mobile Awards NHIS won the Gold Award for its mobile trading system (MTS) "NAMUH" at the "Korea Mobile Awards" hosted by Hankyung.com and sponsored by the Ministry of Science and ICT and the National IT Industry Promotion Agency. Moving towards our goal of sustainable growth by using data to better understand individual clients and proactively providing investment solutions that meet client needs, NAMUH is leading the digital investment and wealth management market with 2.3 million users as of 2022, the sixth year since its launch.



Received Gold Award at the 2022 Korea Mobile Awards

Technical Collaboration for Digital Finance

Held the 3rd big data contest, "Data, Becomes a Culture" NHIS held its 3rd big data contest to provide college and graduate students with opportunities to analyze practical financial data in an effort to discover fresh business ideas and cultivate digital talents. Under the theme of "investment curation, personalized content proposal through client analysis", the competition was held with the goal of collecting content ideas that were helpful for clients' actual investment activities through client analysis from various perspectives. In particular, the final round of the competition used the "Open Innovation" platform, which is the cloud-based external collaboration platform opened by a securities company. By providing students with a cloud-based analysis environment without data exfiltration, all participants were able to conduct the analysis fairly under the same analysis environment.

Cloud data collaboration for the first time in the securities industry NHIS is the first securities company to establish a cloud-based data collaboration environment. It utilizes a specialized data model for securities business and implements various customer services based on data. NH Investment & Securities also generates AI-based research reports, utilizing big data to create added value. In addition, we have built a data utilization infrastructure and continuously expanded the data that can be utilized to secure a foundation for value creation. Besides, in February 2022, in order to facilitate data collaboration and utilization with the outside, we additionally built a cloud analysis platform for the first time as a securities company. We conducted industry-academia research with Seoul National University, summer semester classes, and big data competitions on this platform. In addition, we have developed an AI-based model specifically to address retail pool rental and prevent unauthorized use of borrowed-name accounts and applied the model to our business.

Industry-academia cooperation NHIS collaborates with industry-university researchers who are conducting related research as part of our digital financial innovation through the introduction of new technologies. We have developed a prototype system for client service by developing and analyzing data through research with the SNU Graduate School of Data Science on how to calculate stock information to support client-centric stock searches. With the Department of Industrial Engineering at POSTECH (Pohang University of Science and Technology), we conducted research to discover new businesses using blockchain, developed blockchain-using services, and internalized blockchain technology. Meanwhile, in cooperation with the Department of Industrial Design of KAIST (Korea Advanced Institute of Science and Technology) for three years from 2020, we established NHIS-KAIST UX Design Research Institute, conducted training for employees, improved the MyData service process, and wrote a research report on the value investment service design guidelines designed for the millennials and Generation Z.

Innovating Digital Financial Client Experience

NH Data NHIS has opened "NH Data" and "Stock Highlights" services utilizing client investment data. "NH Data" refers to data that provides investors' stock characteristics including clients' investment status by stock while "Stock Highlights" informs of the investment status of other clients who hold the same stock. This allows clients to receive information from a new perspective that they have never seen before and to check the market changes by viewing the investment data updated daily.

MyData NHIS launched the MyData service for personalized wealth management in January 2022. This service integrates and manages clients' personal financial information (credit information) and provides functions such as consumption pattern analysis and investment advice. NHIS has introduced private certification bodies such as NAVER and PAYCO and plans to expand the certification bodies in the future. Through this service, NHIS aims to provide differentiated services by enhancing the convenience of clients and providing our own systematic integrated wealth management experience.

In addition, since May 2022, we have been providing additional stock diagnostic item services at the request of our clients. Through the stock diagnostics service, clients can check how many points the stocks they own have received and how many points the industries the stocks belong to have obtained. They can also check the investment performance report that analyzes the investment performance of stocks and funds held by other financial companies, which is a dedicated service of NHIS MyData.

Digital Care Service The "Digital Care Service" operated by the NHIS Digital Wealth Management Center is a non-face-to-face client-consultation service that provides one-stop investment counseling on financial products including stocks and pension products as well as investment portfolio design for clients with total assets over KRW 10 million or more per person. Clients can sign up through MTS or by phone. We regularly provide "personalized asset analysis reports" to subscribed clients so that they can manage balanced investment portfolio. In addition, we operate preferential programs such as personal consultation through digital advisors, preferential telephone connection services, and briefing sessions relevant to the client's asset size.

PRAP service NHIS has partnered with PRAP[1)] to provide a service that allows clients to view investment information collected from 20 platforms at once and make investment decisions. The PRAP service is available through the NAMUH and QV apps. The service has increased the accessibility of investment information by allowing clients to collect and view the information they want from 20 platforms in 5 investment categories: piece investment, sneaker resale, startup funding, P2P investment, and unlisted stocks.

NAMUH

NAMUH Securities, a mobile wealth management platform With millennials in their 20s and 30s emerging as a major client base in the investment market, NHIS has recognized the importance of a mobile platform and thus strives to stay ahead of trends. We secure convenience in non-face-to-face financial and investment trading using mobile devices and provide a sensible UI and simplified procedures to attract new clients from the younger audience.

NHIS has therefore underwent the rebranding of NAMUH, the first mobile securities brand in Korea, to "NAMUH Securities". Through this rebranding, NAMUH Securities has epitomized the business identity as a "personal achievement platform" and simplified the brand name, to effectively raise brand recognition. In addition, it has introduced a brand symbol implying "opening the door to new growth by connecting daily life with investment" and a lively design mood that supports growth. We are preparing to provide various services, such as a newly introduced service called "Check My Stock of the Day Service" that informs investors of up-to-date news on potential stocks to invest.

[1)] PRAP: An investment product meta platform that collects data on various alternative investment products and helps individual investors make rational alternative investments through search and comparison

"NAMUH Securities Airport" pop-up store NHIS has opened a "NAMUH Securities Airport" pop-up store with the concept of overseas investment travel through NAMUH Securities to provide a special experience for individual investors. Visitors, who are mainly in their 20s and 30s, can choose their investment country from the U.S., Japan, Hong Kong, and the UK at the pop-up store, go on an overseas investment trip, and receive investable seed money. With the seed money, they can redeem non-alcoholic beverage and receive investment support bank investment fund to their account by scanning the beverage cans. In addition, they can take commemorative photos in the Korean Air First Class cabin seating area. Through the NAMUH Securities Airport event held in Yeouido, NHIS was able to provide a place for fun experiences for the MZ generation and successfully imprint a positive brand image.

In addition, during the week of Arbor Day, we held a green finance-linked event allowing the first 2,000 visitors to the pop-up store to donate 4 tree saplings per person. The 8,000 donated saplings will be used in cooperation with the city of Gangneung to restore areas affected by wildfires in Gangwon Province. Through the pop-up store operations and events, NHIS was able to create a familiar image, increase client satisfaction, and raise awareness of ESG management.

Launched the PLCC (Private Label Credit Card) In association with NH Nonghyup Card, NHIS launched a private label credit card (PLCC), which offers the experience of connecting consumption and investment. The card provides smart cashback benefits suitable for clients' daily consumption patterns in various fields such as online shopping, public transportation, and streaming payments. The cashback can be immediately used for investment. In addition, if the previous month's card usage conditions are satisfied, we additionally provide monthly fee cashback benefits and international airport lounge benefits for NAMUH Securities' subscription service "NAMUH Members".

Introduction of offerwall system Going beyond online and offline events such as pop-up stores, NHIS aims to expand its mobile brand client base by promoting the introduction of reward-associated advertising, called "offerwall". Specifically, we are pursuing a strategy to "lock in" clients by adding a reward-associated advertising service within NAMUH Securities and expanding benefits in the form of rewards. One of the company's representative offerwall examples is the app tech service "seed". App tech is a service that gives points when a specific mission is performed, and "seed" has a service environment where all clients who complete missions such as clicking on ads, signing up, and subscribing can earn points.

NHIS has launched the seed service to develop into an investment platform that practices joint growth. We have aimed at millennials and Generation Z, which seeks both fun and profits even in difficult economic conditions, as our main clients, and we plan to revamp the service so that clients can expand their wealth beyond simply accumulating seed money through app tech.



"NAMUH Securities Airport" pop-up store



NAMUH NH Nonghyup Card

RESPECT FOR HUMAN RIGHTS

Strengthening Human Rights Management

Human Rights Policy NHIS has established and declared the "Human Rights Policy" in order to accommodate the principles outlined in the UN Universal Declaration of Human Rights and to practice the UN Guiding Principles on Business and Human Rights in our business management. We do our best to protect the human rights of stakeholders of our company, and in particular, the human rights of our employees are respected throughout the business process in accordance with domestic laws such as the Constitution and the Labor Standards Act.

Please refer to page 115 of the ESG Factbook to find more information about the Human Rights Management Policy

Human rights training NHIS regularly conducts human rights training sessions in accordance with relevant laws and regulations to protect human rights and improve employees' awareness. In addition to offering prevention training of sexual harassment in the workplace, NHIS also offers statutory mandatory training courses such as improving awareness of people with disabilities and preventing bullying in the workplace. By advocating and addressing importance of protecting human rights through various employees trainings, NHIS can embed respect for human rights in corporate culture.

Employee grievance handling system NHIS set in place various channels to address the grievances of its employees. The "Communication and Empathy" section of the company's website is operated as a direct communication channel between the CEO and employees. The channel has been consistently active, allowing users to post a total of 29 opinions and grievances in 2022. Employees share their grievances and exchange answers to questions through communication channels. In addition, departments related to the subjects directly post responses to grievances to better resolve the grievances of the employees. In addition, through the in-house HR management system "HRIS", employees can report grievances and receive personal counseling from grievance-handling employees in the HR Department.



Diversity and inclusion NHIS utilizes people-centered management and strive to recognize and embrace the diversity of our employees. In 2022, we enacted and proclaimed the "Diversity, Equity and Inclusion (DEI) Policy" to build corporate culture that pursues the value of diversity.

Please refer to page 115 of the ESG Factbook to find more information about the DEI Policy

Employee diversity NHIS pursues the value of diversity and hires talented people without discrimination based on race, gender, origin, or educational background. In particular, in order to realize gender equality, we seek to gradually increase the proportion of female employees and female managers while putting efforts to expand the recruitment of vulnerable groups such as the disabled, national veterans, and the socially disadvantaged. In recognition of these efforts, we won the Minister of Gender Equality and Family Award as a "company where working women are happy" at the 2022 E-Daily Good Jobs Awards. As of 2022, 41.9% of all employees are women, and 28.8% of all managers are women, showing a steady increase over the past three years.

Please refer to page 106 of the ESG Factbook for 3-year data of employee diversity

Percentage of female employees as of the end of 2022

41.9 %

Percentage of female managers as of the end of 2022

28.8 %

Talent Recruitment and Development

Fair Employment and Performance Evaluation

Employment stability and talent recruitment NHIS promotes employment stability and securing talent in order to respond to the rapidly changing business environment. We strive to stabilize employment by improving the benefits of non-permanent employees and providing indefinite-term contract transit opportunities. Also, we conduct various recruitment processes to attract talent by frequently hiring outstanding experienced talents in dynamic professional fields. In addition, we are facilitating an increased sense of belonging and devotion towards the company among employees, such as by providing equal welfare benefits such as leaves, educational expenses, medical expenses, and support for special family occasions, to all contracted and permanent types of employees.

Equal employment opportunity and fair performance evaluation Under the HR policy of "equal employment opportunity and respect for human rights", NHIS promotes fair employment and performance evaluations. By introducing various recruitment methods, we recruit talented people based on practical competencies and promote diversification of our workforce. In 2019, NHIS adopted a new performance evaluation approach accentuating the fairness in process, as much as the result of the performance. In order to prevent unfair evaluations, we operate an evaluation feedback system and an evaluation appeal system. Furthermore, we are continuing our efforts to foster professional talent from a long-term perspective by holding Talent Development Committee meetings to recruit them, among others.

Reasonable compensation NHIS strives to ensure responsible and fair compensation for its employees according to their performance results. The company's average contract salary for new college graduates is 2.4 times higher than the statutory minimum wage. We also provide performance-based incentives, competitive compensation, and industry-leading fringe benefits. In addition, we NHIS prioritizes gender pay equity.

Employee Training

Increasing employee training NHIS strives to enhance the competences of its employees and encourages continuous employee development by providing various training programs. Programs are largely categorized into leadership development and professional development to train employees toward their successful career building.

Digital trainings for employees NHIS provides various employee training programs to for their upskill in digital transformation. Especially, our digital-related training program is expanded to include courses to acquire digital-related professional certificates, and 407 employees took and completed the digital-related training program in 2022 as a result. Moreover, we select candidates for master's degree programs and support them to complete their degrees in IT, digital, and data-related departments at Yonsei University and Korea University, among others.

Website and app renewal for Smart Training Center We renewed our website and mobile app for our in-house training platform, "Smart Training Center", to upskill our employees with diverse knowledge, and we have also tailored the platform's UI and UX to cater to the learner's perspective. We carried out renewal work to provide customized content to reflect the needs of learners. For the contents enhancement, we have implemented "Sampro TV", a representative economic YouTube channel with more than 2 million subscribers. We have also facilitated the creation of in-house educational content by utilizing new technologies such as text-to-speech (TTS). Website visits to the Smart Training Center has increased significantly with the improvement.



NH Book Concert



Website and mobile landing pages of "Smart Training Center"

ESG specialized courses for the executives NHIS encourages our executives to complete ESG-specialized courses to improve their understandings and knowledges of ESG. In 2022, the head of the Wholesale Division completed the executive curriculum on Carbon Neutral ESG at Chung-Ang University. In 2023, the head of the Corporate Strategy Group is participating in the 5th ESG Leadership Course run by Korea Green Foundation. In this way, we inspire our executives to improve their understandings in ESG and practice ESG management. We also offer ESG trainings for our employees so that all of them can internalize ESG competences.

Talent-nurturing course In 2022, we supported employees with various On the Job Trainings and offline trainings. We sought to amplify the effect of the training by conjoining online and offline training channels and offering week-day evening training courses to minimize any inconveniences caused during the working hours. As a result, number of employees taking the training programs has increased compared to the previous year with the participation of employees working in rural areas.

NH Book Concert NHIS held the "NH Book Concert" to provide employees with knowledge in various fields and insight into major trends. With trending topics, such as Mental Psychological and Emotional Health for Leaders, How AI and the Brain Coexist, and Trends Korea 2023, we invited experts, organized lectures, and presented lecture attendees with books written by guest lecturers to help them acquire a broad range of knowledge.

Talent-Nurturing Courses

CATEGORY	COURSE
HQ profession course	• Practical IB course • The practical institutional sales course • Practical OCIO (Outsourced Chief Investment Officer) course • Practical middle and back office course
General profession course	• Design thinking course • Visual thinking course • Business speaking course
Competency improvement course for WM Division	• My data • Performance management • Foreign stocks • Retirement pension • Taxes
Training course for center/team leaders of WM Division	• Performance management

Organizational Culture

Communication Culture in the Workplace

Operating labor union At NHIS, we respect our labor union's collective bargaining rights and communicate with labor unions in good faith. The labor union was established in 1981, and as of the end of December 2022, a total of 1,913 employees are eligible for union membership, and all of them are members of the labor union. Matters specified in the collective agreement are also applied to employees who are not members of labor union. NHIS signs a collective wage agreement with the labor union every year and discusses major labor-management matters with the labor union through formal and informal communication channels.

Efficient Organizational Culture

Creating a flexible working environment NHIS provides its employees with autonomy to adjust their work hours independently in order to increase work efficiency. This is achieved through various measures such as staggered hours schemes, alternative work schedules, and telecommuting, which allow employees to have control over the timing and location of their work. A staggered hours scheme complies with the 8-hour work standard per day but flexibly applies the clock-in time to fit each employee's circumstance. An alternative work schedule complies with the 40-hour work per week standard but flexibly applies the total working hours per month. NHIS supports employees for the greater work-life balance with the operation of flexible work-hour schemes.

Received the Minister's Award for excellence in work-life balance NHIS received the Minister of Employment and Labor Award for "2022 Excellent Company in Work-Life Balance Practice" at the 2022 Work-Life Balance Conference. Companies with excellent work-life balance practices were selected as a result of surveys and quantitative data analysis conducted for 100,000 domestic companies. NHIS was selected as an excellent company for practicing work-life balance in recognition of establishing a flexible corporate culture that pursues work-life balance. In particular, we were highly praised for setting three goals, such as observance of working hours, work efficiency, and pursuit of work-life balance, and for establishing a work environment in which work-life balance, recharge, and immersion were virtuously circulated.



Received the Minister of Employment and Labor Award for 2022 Excellent Company in Work-Life Balance Practice

Work & Life Balance

Family-Friendly System

NHIS cares for the employees' healthy lives through various supports to better balance family and work. We operate "Mom's Lounges", a dedicated space for female employees in their pregnancy. In addition, we offer the parental leave for employees who need antenatal cares in accordance with the level stipulated by law. NHIS supports the gender equity and builds corporate atmosphere where both female and male employees can utilize the parental leave.

Further, we established the first in-house child daycare center in the securities industry in 2017 so that employees can focus on their work with peace of mind. The in-house daycare center has a total capacity of 40 children. We cover educational expenses for children of employees who do not use the in-house daycare center, and provide this support for a long period, from when children are in elementary school to college. NHIS has established a new "Education Allowance for Disabled Children" system to ease the financial burden of employees with minor children with severe disabilities and to support the children's rehabilitation treatment and education. In addition, we operate a "Family Care Leave System" so that employees can use it when they need to care for their family members.

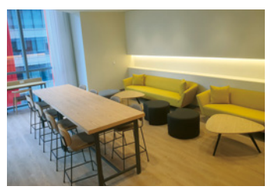
On top of our systematical support, we organize family-friendly events, creating opportunities for harmonious families to make special memories together. On October 8, 2022, on the occasion of the Seoul International Fireworks Festival hosted by Hanwha, we invited 145 employees and their family members to our headquarters to enjoy refreshments and watch the fireworks in the company's public space in addition to events for children on each floor to provide them with an opportunity to indirectly experience their parents' workplace.

Welfare System

Supporting various family types NHIS offers a variety of welfare programs to suit the various family types that are emerging in modern society. We have institutionalized a "Non-Marriage Subsidy" for non-married employees as a welfare program for unmarried employees who are not eligible for various benefits such as wedding gifts and child care subsidies. In addition, for employees who have adopted children, we have established an "Adoption Leave" scheme for the employees and the children to form a bond in the early stages of adoption.

Housing stability support To support our employees' housing stability, we at NHIS operate various loan support systems, such as housing loans provided at interest rates lower than the market interest rate, and livelihood stabilization loans using the in-house labor welfare funds. In particular, housing loans are used by more than 400 employees as of April 2023 as we support our employees' housing stability under reasonable conditions in the era of high-interest rates. In addition, we offer housing support funds to employees who are working away from their homes in regional branches to support their stable work and life.

Supporting vacation accommodation cost NHIS has set in place various vacation systems to help employees strike the right balance between work and life, and it also supports accommodation cost during vacations. For more than five days of annual leave, we support accommodation expenses within a certain amount to help employees rest and recharge more comfortably. From January 2022 to April 2023, a total of 166 applications were approved, with a highly positive response from employees.



Mom's Lounges operated by NHIS



Interior of NHIS' in-house daycare

Parental Leave Used in 2022

No. of employees took the leave

Male 11 Female 64

No. of employees returned to work

Male 3 Female 65

Retention rate for more than 12 months after return-to-work

Male 100 % Female 97.8 %

Employee Safety and Health

Safety & Health Policy

We prioritize our employees' health and safety in the workplace. In order to create a safe working environment, we have declared the "Safety & Health Management Policy," and based on this policy, we are striving to ensure that all our employees adhere to safety and health practices that comply with domestic laws and international standards.

Please refer to page 116 of the ESG Factbook to find more information about the Safety & Health Policy

Support for Employee Safety and Health

Activities for employee safety and health NHIS operates a health checkup support program in conjunction with 57 partner hospitals nationwide for the health and safety of its employees. In 2022, 4,696 employees and their families received health checkup benefits. We also operate various welfare systems, such as support for medical expenses and group accident insurance, to prepare for accidents and diseases that may occur while employees are handling their work.

Please refer to page 108 of the ESG Factbook for 3-year data of support for employee health check-up

Employee Mental Health Program

NHIS operates the EAP (Employee Assistance Program) to support the psychological health of our employees. The EAP covers a variety of counseling topics in the areas of family, personal relations, and work performance for employees and their immediate family members. Employees can make reservations and self-diagnosis on a dedicated website for consultation. We continue to increase their accessibility through various methods such as face-to-face and phone calls to help them solve their emotional problems related to their family, work performance, or personal relations. Moreover, we make various efforts to promote employees' mental health, such as sending out EAP letters every Friday, publishing an in-house newsletter column every month, and holding an open lecture every quarter.

Please refer to page 108 of the ESG Factbook for 3-year data of employee mental health program

Counseling Topics for the Employee Psychological and Emotional Health Program

AREA	ISSUE
Family	Understanding of the family, evaluation of children's psychological development, children's behavioral and emotional problems, and conflicts in family relationships
Personal	Emotional and sentimental concerns, personal understanding and growth, difficulties in social relationships
Work	Job-related personal psychological problems, organizational culture and system, and interpersonal relationships in the workplace
Law	Legal issues, taxation

Support for Employee Health Check-up in 2022

No. of employees completed health check-up

4,696 persons

No. of employees

2,898 persons

Employee Psychological and Emotional Health Counseling Service Used in 2022

No. of mental care counseling sessions

1,160

No. of employees who received counseling

212

Satisfaction level

(out of 5) 4.8

WIN-WIN MANAGEMENT

Contribution to Local Communities

Social Contribution

Philosophy of Social Contribution NHIS aspires to create a world of universal happiness, while fostering a culture of shared growth alongside customer success. Our social contribution slogan, “Bright World, Together”, means that we help our customers build a solid and joyful foundation for their future and that we live with them in the same era as their friendly neighbors and partners. Going forward, based on the heritage of Nonghyup’s “Sharing Management”, NHIS will continue to embody the true essence of sharing by actively fulfilling our ethical and social responsibilities in addition to our economic responsibility to generate profits as a company and thus contribute to creating a world where our underprivileged neighbors can dream of a bright future.

Social Contributions Participated by Employees

Social Contribution Group NHIS has been operating a social contribution group under the direct supervision of the CEO since 2011 to promote social contribution activities. In this way, we operate a total of 37 in-house volunteer groups and conduct donation activities for the socially underprivileged by matching employee donations with company expenses. In addition, we disclose various social contribution activities on our website, and provide a community space for employees to share their individual cases to spread the culture of sharing within the company. In 2022, some 5,910 employees participated in a total of 28,743.8 hours of social contribution activities. We plan to continuously expand our activities through well-structured initiatives.

Building Community Town “Building Community Town” is a rural support project that NHIS has been steadily carrying out to help farmers with labor for the development of rural areas while supporting local communities’ long-waited projects and farmers’ markets. In 2022, 964 employees visited rural villages 34 times, with 32% of employee participation rate.

Love Sharing Blood Donation NHIS operates the Love Sharing Blood Donation event for employees three times a year. In 2022, many employees voluntarily participated in blood donation to solve the blood shortage problem caused by the prolonged COVID-19 crisis, collecting a total of 265 blood donation certificates a year as a way of sharing in the midst of a blood crisis.



Building Community Town



Love Sharing Blood Donation

Supporting Small and Medium-Sized Farms

“Empathy Store (Smart Store) Special Event” to support small and medium-sized farms NHIS launched an “Empathy Store (Smart Store) Special Event” to expand non-face-to-face sales channels for farming families. The event was planned in partnership with the Startup Farm Support Center of the National Agricultural Cooperative Federation and NAVER Happybean to open up new sales channels and generate income for farming families. Selected farmers can carry out additional marketing activities through empathy stores, and farming families who lack an online sales base are empowered to procure new consumers and sales outlets through NAVER channel exposure and promotion. Unlike the existing funding-based system, empathy stores have no limit on the operating period, so non-face-to-face sales channels are of great help to farmers for whom non-face-to-face sales are important.

Crowdfunding for supporting small and medium-sized farms NHIS supports the sale of farm products to foster small and medium-sized farmers, introduces stories about the realities facing rural areas and farmers who are taking on challenges, and ultimately contributes to increasing farming families’ income. In addition, we use the online distribution network to diversify our distribution network while conducting a project to select and support excellent farming families in consideration of the amount of funding, annual product supply capacity, and farming families’ willingness to cooperate with us.

Since 2017, we have been continuously funding the development of small and medium-sized farming families. In 2022, we supported 22 selected farming families. These efforts have contributed to strengthening farming families’ self-sufficiency and building a platform for consumers to purchase quality produce.

Rural Village Joint Support Project NHIS has been conducting support projects for rural village communities (community halls, senior citizen centers, etc.) for 4 years since 2019. After presenting a total of 1,263 electric stoves, including 413 units in 2019, 425 units in 2020, and 425 units in 2021, we began to supply community centers with refrigerators to replace those beyond their service life in 2022. We use our investment proceeds from MMW and MMT to finance those projects. In 2022, we delivered a total of 360 refrigerators including 152 refrigerators installed in three counties, including Yeongdong-gun, Chungcheongbuk-do, In the first half and 208 refrigerators installed in three counties, including Yangyang-gun, Gangwon-do, in the second half.

Direction of Social Contribution Activities



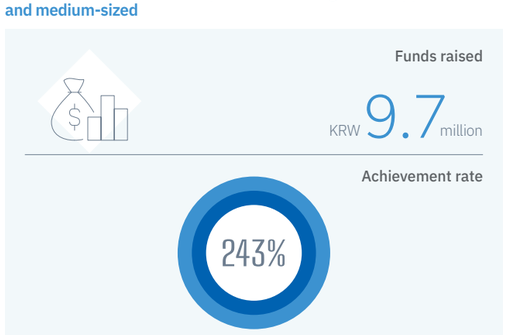
Please refer to page 116 of the ESG Factbook to find more information about the Social Contribution Policy.

2022 Love Sharing Blood Donation



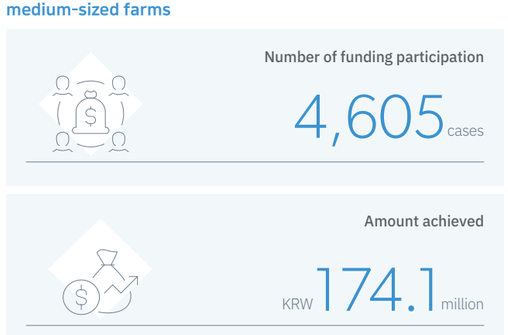
Please refer to page 109 of the ESG Factbook for 3-year data of Love Sharing Blood Donation participants

2022 Status of Smart Store special event designed to support small and medium-sized



Please refer to page 109 of the ESG Factbook for 3-year data of support for small and medium-sized farms

2022 crowdfunding status raised to support small and medium-sized farms



Please refer to page 109 of the ESG Factbook for 3-year data of crowdfunding support for small and medium-sized farms

Scholarship Program

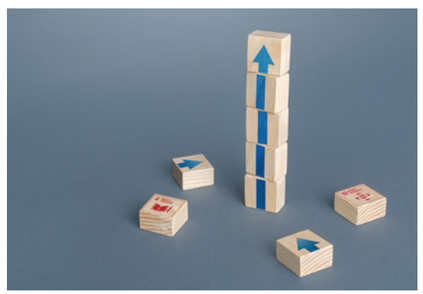
One Company, One School Financial Education NHIS takes advantage of the characteristics of the securities industry to conduct a one-company-one-school volunteer program where employees visit schools and donate their talents by providing financial education. Upon receiving applications from schools with a demand for financial education, employees familiar with educational materials conduct financial education. We make continuous efforts to encourage young people to save and increase their financial literacy. The program, which is mainly aimed at high schools, also sponsors school supplies prepared by the Financial Consumer Protection Department upon the completion of the training.

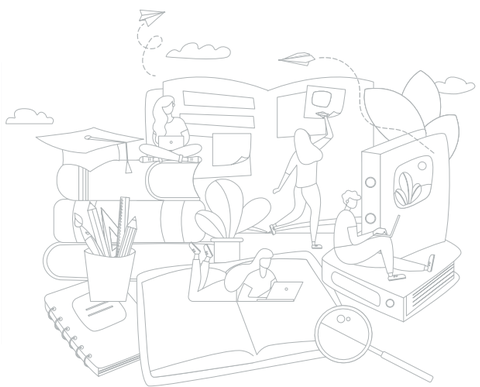
Scholarships for Youth from Low-income Families in Rural Areas Since 2005, NHIS has continuously supported youth from low-income families in their studies. In particular, since 2017, we have selected 40 outstanding high school students from low-income families in rural areas left in the welfare blind spot each year and supported them with practical expenses for their studies, such as dormitory fees, exam-related incidental expenses, and book purchase costs so that they can focus on their studies. As of the end of 2022, we supported and nurtured 615 scholarship students. Not only financial support, but also non-financial support was generously provided, such as mentoring scholarship students and providing advice and counseling on school life, social life, and employment by continuously communicating and forming emotional ties with the students.

Eco-friendly Social Contributions

Book Recycling Campaign NHIS has conducted a “Book Recycling Campaign” for all employees to reduce resource waste and increase interest in participating in environmental protection by donating books that they no longer read. This campaign has created positive effects in various aspects, such as environmental protection through resource recycling, job creation for people with disabilities, and help for local residents' households while contributing to the establishment of a culture of sharing within the company. All employees participated in it and donated about 1,800 books. The donated books have been delivered to “Goodwill Stores” run by the Miral Welfare Foundation for sale.

Planting Trees in Areas Affected by Wildfires in Gangwon Province NHIS has donated 8,000 trees to areas affected by wildfires in Gangwon Province with donations raised at the “Ladies’ Championship Golf Tournament” and customer participation in the “Love Tree Campaign” held at the NAMUH Brand Day offline pop-up event. We have raised money for the early restoration of wildfire-affected areas in Gangwon Province and launched a tree-planting campaign to raise our customers’ interest in forest restoration in the process.





Shared Growth

Partnership to Grow Together

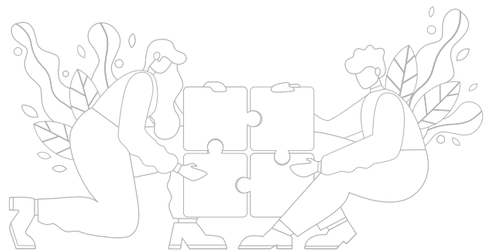
Transparent Cooperation NHIS values its partners as collaborators and maintains a transparent and honest relationship with them based on mutual cooperation. As of the end of 2022, NHIS is working with 38 registered companies, requiring them to sign the “Pledge for Anti-Corruption” when entering construction and purchase contracts and pledge to uphold their integrity obligations when cooperating. Upon completion of a contract, we conduct a survey to check if the persons in charge comply with laws and procedures to prevent related corruption.

Ethics and Personal Information Protection Training for Partner Companies NHIS strives to spread a culture of ethics in our relationships with partners. Once a year, we send a “Letter from Chief Compliance Officer” to our partners to raise their awareness of ethical management while providing them with annual training on personal information protection. In this way, we raise our partner companies’ awareness of personal information protection and proactively prevent risks. These efforts contribute to the establishment of healthy relationships with our partners and the management of risks related to our partners.

Helping SMEs Build Competency

Open Innovation NHIS strives to develop new products and services in various fields with startups, aiming for shared growth with startups. In 2022, we met with a total of 63 fin-tech companies to discuss key services, investment history, partnerships, etc., to explore ideas and technologies needed to develop new services. Through this pool of companies, we have provided various alliance services to our customers, discovered innovative business models together, and made strategic investments (SIs). Furthermore, the survey data and consultations on the discovered companies have been converted into knowledge assets through the corporate information management system while monthly fintech trend data are published to provide an opportunity to review collaboration and investment with various internal departments. We are also making efforts to contribute to the development of the startup ecosystem in various ways by introducing “NH Challenge+,” a startup fostering and support program run by Nonghyup Bank, for companies that need to improve their startup capabilities.

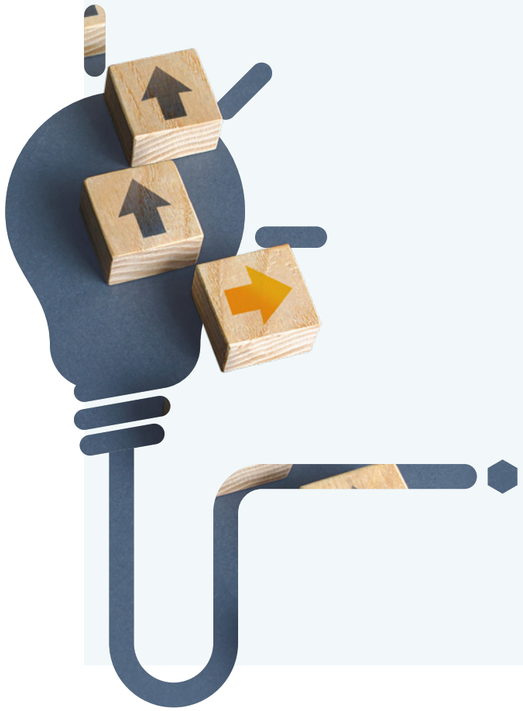
Supporting Young Agri-food Startups through Participation in Ag-tech Industry Support Activities NHIS has launched a youth agri-food start-up support project to provide a growth engine for the agricultural sector by fostering Ag-tech startups as the need to introduce smart agriculture in Korea emerges. Nonghyup (the National Agricultural Cooperative Federation, NHIS, and Nonghyup Bank) and the Korea Youth Foundation are preparing to conduct educational programs and operate programs (start-up education and acceleration) to build communication networks between peer companies and foster start-ups through the “Ag-tech Startup Campus”. Besides, we are planning to hold a demo day so that teams participating in the Ag-tech Startup Campus can attract investment from venture capital and external organizations and receive priority investment opportunities while building growth engines for the teams.





GOVERNANCE

NHIS aims to establish sound governance structure and pursue fair and transparent business activities. Furthermore, we strive to promote the value of shareholders and the company through BOD and Committees that are equipped with independence, diversity, and expertise. By building a well-structured ESG execution system, we are making a leap forward into becoming a truly sustainable corporation.



SECURE HEALTHY GOVERNANCE STRUCTURE

Governance

Independence and Transparency of BOD

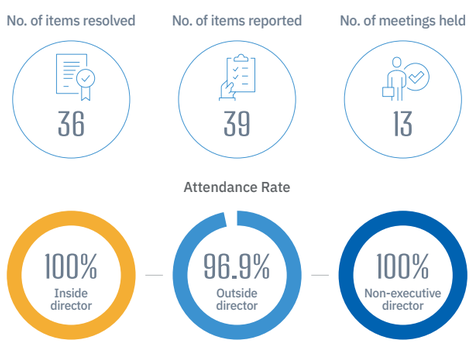
At NHIS, BOD is in charge of deciding on and controlling major pending matters to protect rights and interests of diverse stakeholders and enhance the corporate value. The BOD consists of a total of eight members – two inside, five outside, and one non-executive directors. In a bid to maintain independence, a majority of the BOD members are outside directors and one of them is appointed to serve as the BOD chairperson to maintain independence. Directors serve a two-year term and can serve consecutive terms, while the maximum tenure for outside directors is limited to six years in the company and nine years in total including the term served in affiliates. NHIS discloses all relevant information regarding the operation of BOD transparently. The composition of BOD, activities of Committees under BOD, and major regulations on the corporate governance can be accessed via the company's website. In addition, we also disclose governance-related matters via the publication of Integrated Report, Governance Report, Business Report, etc.

BOD Operation Status

BOD holds regular meetings once a quarter, and also convenes ad hoc meetings as needed. In 2022, a total of 13 Board meetings were held with an attendance rate of 98%. NHIS shares relevant materials before the Board meeting is held so that directors can sufficiently review the agenda items. At the regular Board meetings, the BOD received reports on quarterly BOD-approved matters and business performance, important matters delegated by the general shareholders' meeting, and execution details regarding sustainability management work, and made resolutions on relevant matters.

Please refer to pages 110-111 of the ESG Factbook for 3-year performance of BOD activities from 2020 to 2022

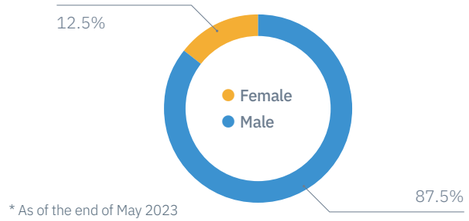
BOD Activities in 2022



Expertise and Diversity of the BOD

The BOD of NHIS consists of experts who have built their careers in various fields. By composing the BOD with directors who have professional knowledge in such areas as finance, economics, management, law, accounting, consumer protection, and ESG, we ensure that the decision-making process of BOD is effective and efficient. In addition, we support continuous education and capacity-building activities through a dedicated organization to enable outside directors to identify management issues early and develop a deep understanding of the financial industry. Furthermore, a female outside director was newly appointed in December 2020 to secure diversity within the BOD.

BOD Diversity



* As of the end of May 2023

BOD Composition

DIRECTORS	NAME	GENDER	TENURE	KEY PROFILE	EXPERTISE
Inside Directors	Jeong Young Chae (President & CEO)	Male	Mar. 22, 2018 – Mar. 1, 2024	• Head of IB Division of NH Investment & Securities • President & CEO of NH Investment & Securities (Current)	Finance Management
	Lee Bo-Won (Standing Auditor)	Male	May 18, 2022 – Mar. 1, 2024	• Head, Deputy Chief of Asset Management Supervision Department, Corporate Disclosure Department, Planning and Coordination Department at the Financial Supervisory Service • Chief of Public Affairs Department at the Financial Supervisory Service • Standing Auditor of NH Investment & Securities (Current)	Finance Accounting
Outside Directors	Hong Eun-Joo (Chair of the BOD, Compensation Committee)	Female	Dec. 9, 2020 – Mar. 1, 2023	• Deputy General Manager of Economic Department at MBC • CEO of iMBC • Professor of Hanyang Cyber University (Current)	Economics
	Park Min-Pyo (Chair of Director Nomination Committee, ESG Committee)	Male	Dec. 9, 2020 – Mar. 1, 2023	• Department Head of Supreme Prosecutors' Office • Head of Seoul Eastern District Prosecutors' Office • Representative Lawyer at Law Office of Min Pyo Park (Current)	Law
	Park Hae-Sik (Chair of Risk Management Committee)	Male	Mar. 23, 2022 – Mar. 1, 2024	• Advisory Council Member of National Economic Advisory Council • Senior Research Fellow at Korea Institute of Finance (Current) • Head of North Korea Finance Research Center at Korea Institute of Finance (Current)	Finance Economics
	Suh Jung-Won (Chair of Auditing Committee)	Male	Mar. 23, 2023 – Mar. 1, 2025	• Research Fellow at SK Economic Research Institute • Corporate Audit Committee Member of KOSDAQ HQ at Korea Exchange • Professor of the Business School at Sungkyunkwan University (Current)	Management Accounting
	Jung Tae-Yong	Male	May 15, 2023 – Mar. 1, 2025	• Climate Change Specialist at Asia Development Bank • Deputy Director of Global Green Growth Institute • Professor at Yonsei University Graduate School of International Studies	ESG Economics
Non-Executive Director	Moon Yeon-Woo	Male	Mar. 23, 2023 – Mar. 1, 2025	• Chief Risk Officer of NongHyup Property & Casualty Insurance • Vice President of NongHyup Property & Casualty Insurance	Finance Management

* As of the end of May 2023

BOD Performance Evaluation

Each year, NHIS decides on the BOD remuneration in accordance with the remuneration system discussed and approved by the BOD and Compensation Committee in a transparent manner. Through a regular annual evaluation, we review whether the BOD appropriately performs the roles and responsibilities that are stipulated in laws and internal rules and appropriate performance was created. Evaluation results are reported to the BOD, after which they are disclosed in the Annual Corporate Governance Report and used as the baseline to determine whether directors are qualified to serve for the consecutive term. We plan to receive evaluations from an external organization for outside directors whose tenure of office is two years or more. When choosing an external evaluator, we will thoroughly review whether the organization is qualified.

Director Appointment Process

In appointing directors, NHIS abides by a fair and transparent process. Candidates for the CEO, outside directors and Audit Committee members are recommended by the Director Nomination Committee and appointed at the general shareholders' meeting (GSM). During the recommendation process, the Committee deliberates both passive qualification requirements, such as the grounds for disqualification specified in laws, as well as active qualification requirements, such as expertise, fair conduct in job performance, and sense of ethical responsibility. Non-executive directors are recommended by the CEO, reviewed for qualification and approved by BOD, and then appointed at the general shareholders' meetings. NHIS has chosen 47 CEO candidates according to its management succession plan, and manages 143 independent and highly professional candidates for outside director to maintain the integrity of corporate governance principles.

Shareholder-Friendly Management

Transparent disclosure NHIS notifies shareholders of the location, agenda, and other matters of a GSM no later than two weeks before the meeting pursuant to Article 542-4 of the Commercial Act. Notice for the general shareholders' meeting are disclosed via NHIS website and the electronic disclosure system (DART) to ensure that the stakeholders' demand for information is met. Matters that are finalized after a GSM resolution are disclosed without delay. Furthermore, critical management matters that are related to investor profits are disclosed on DART and the Korea Exchange. It is in this effort that NHIS can safeguard investors' investment decision and heighten the company's transparency.

Electronic voting system Since the adoption of the electronic voting system in June 2015, NHIS has operated a system which enables shareholders to exercise their voting rights online without having to attend a GSM in person. Going forward, we will make continuous efforts to develop systems to raise shareholders' voting participation and encourage active exercise of shareholder rights.

Director Evaluation Criteria and Method

Inside Director	• Evaluated by the Compensation Committee, using such criteria as the annual management goal, KPI achievement, and other factors
Outside Director and Non-Executive Director	• Evaluate based on a multifaceted evaluation that consists of a self-evaluation, mutual evaluation, and employee evaluation through surveys and level of participation in board (committee) meetings

Executive Remuneration

	REGISTERED DIRECTORS[1]	OUTSIDE DIRECTORS[2]	AUDITING COMMITTEE MEMBERS
No. of executives (persons)	2	3	5
Average remuneration per person (KRW million)	1,269	47	104

* As of 2022
[1] Excluding outside directors and Auditing Committee members
[2] Excluding Auditing Committee members

BOD Committees

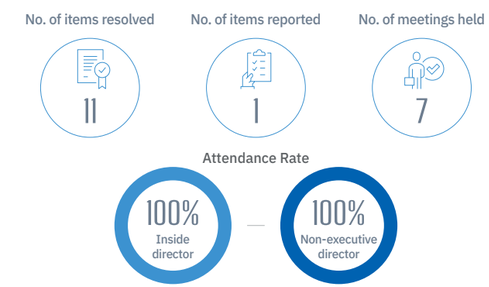
In order to enhance the efficiency, expertise, and independence of the BOD operation, NHIS has established and operates Committees under the BOD such as the Auditing Committee, Director Nomination Committee, Compensation Committee, Risk Management Committee, and ESG Committee.

Director Nomination Committee The Director Nomination Committee consists of four members, including three outside directors. The Committee deliberates and nominates in a fair and transparent process candidates for the CEO, outside directors, and Auditing Committee members to be appointed at the GSM by considering their expertise, fair conduct in job execution, ethics, and diversity.

Committees under the BOD

Director Nomination Committee	Composition	• Consist of three or more directors and outside directors account for a majority of members • Committee members are appointed and dismissed by the BOD • The chairperson is appointed among outside directors with the Committee's resolution
	Role	• Nominate candidates for the CEO, outside directors, and Auditing Committee members who are then to be appointed by the general shareholders' meetings (GSM)
Auditing Committee	Composition	• Consist of three or more directors and outside directors account for at least two-thirds of the members • Committee members are appointed and dismissed at a GSM • The chairperson is appointed among outside directors with the Committee's resolution
	Role	• Evaluate and improve the appropriateness of the internal control system and business outcome
Compensation Committee	Composition	• Consist of more than three directors with a majority being outside directors • Committee members are appointed and dismissed by the BOD • Chairperson is appointed among outside directors with the Committee's resolution • One of the Committee members should belong to the Risk Management Committee
	Role	• Set the target for top management's performance and evaluate the outcome, establish the compensation system
Risk Management Committee	Composition	• Consist of more than three directors with a majority being outside directors • Committee members are appointed and dismissed by the BOD • Chairperson is appointed among outside directors with the Committee's resolution
	Role	• Devise and manage policies related to various risks that may arise during business activities
ESG Committee	Composition	• Consist of more than three directors with a majority being outside directors • Committee members are appointed and dismissed by the BOD • Chairperson is appointed among outside directors with the Committee's resolution
	Role	• Establish the ESG management strategy

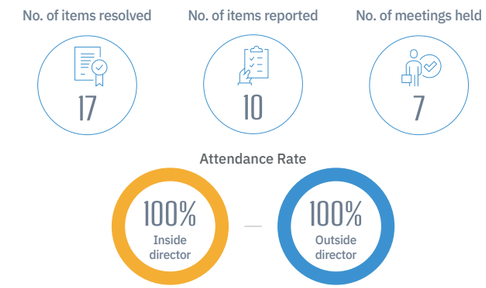
Director Nomination Committee Operation in 2022



Please refer to pages 110 of the ESG Factbook for 3-year performance from 2020 to 2022

Auditing Committee The Auditing Committee audits the overall accounting and operations of the company and performs the role of examining and improving the adequacy of the internal control system. To achieve this, the committee holds regular meetings once a quarter, and also convenes ad hoc meetings as needed. The Committee consists of four members including three outside directors pursuant to the policy that stipulates that outside directors should account for at least two-thirds of the members as a way to remain independent of top management.

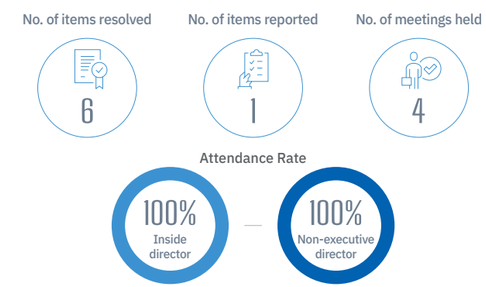
Auditing Committee Operation in 2022



Please refer to page 111 of the ESG Factbook for 3-year performance of BOD activities from 2020 to 2022

Compensation Committee The Compensation Committee sets and evaluates top management's performance goals, and reviews and determines on matters related to remuneration including remuneration policies and payment method. The Committee consists of four members including three outside directors and a member of the Risk Management Committee participates in the Compensation Committee to align the company's performance-based compensation system with the financial performance and risk management.

Compensation Committee Operation in 2022

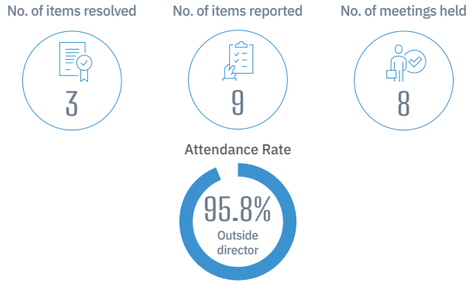


Please refer to pages 111 of the ESG Factbook for 3-year performance from 2020 to 2022

Risk Management Committee The Risk Management Committee performs a comprehensive role of handling all risk management activities of the entire company by establishing directions and strategies for risk management in line with the company's business strategy and managing risk capital so that the company can remain prepared to various risks that may arise during business activities. The Committee consists of three outside directors who have expertise in the fields of economics, management, finance, and risk. We have continuously provided trainings to enhance the expertise of the Risk Management Committee.

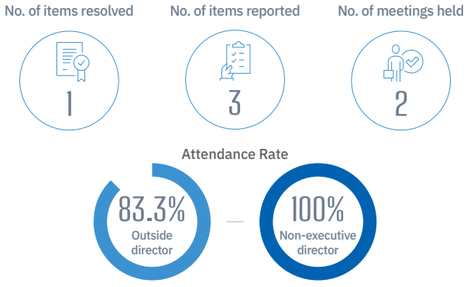
ESG Committee In 2022, NHIS established the ESG Committee to professionally respond to the spread of ESG integration and internalize ESG into the business practices. The Committee performs the role of setting up the company's ESG management strategies and manages and supervises the execution of such strategies to ensure the sustainable management of NHIS. The Committee consists of four members including three outside directors, all equipped with expertise in ESG.

Risk Management Committee Operation in 2022



Please refer to pages 111 of the ESG Factbook for 3-year performance from 2020 to 2022

ESG Committee Operation in 2022



Please refer to pages 111 of the ESG Factbook for 3-year performance from 2020 to 2022

ESG Committee Agenda

AGENDA	DESCRIPTION
Appointing ESG Committee Chairperson	Appointing one of outside directors as Chairperson of the Committee through the Committee resolution
Report on ESG Execution Status	Status of NHIS' ESG business management in 2022
Report on consulting outcome for advancing ESG management	Progress status of consulting aimed at strengthening ESG competency
Report on major issues in 2023	Major issues and trends in 2023 and response plans

Ethics and Compliance Management

Building a Transparent Management Culture
NHIS strives to fulfill its economical, legal, and social responsibilities as a business by establishing Code of Conduct and Ethics and achieving transparent and responsible management. We abide by the rules that bans bribery and improper solicitation, abolishes express fee, and prevents donation and sponsorship of political purpose. Moving forward, we will make continuous efforts to establish an ethics and compliance system that stays aligned with the global standards and is unified with NH Financial Group to roll out ethical management.

Strengthening ethical management system In order to carry out ethical management in a well-structured manner, NHIS was certified for ISO 37301 (compliance management system) and ISO 37001 (anti-bribery management system). We went through professional, third-party evaluations on organizational activities, assessment of legal and regulatory risks, and establishment of systems for compliance management, anti-bribery, and ethical management thereby further advancing our systems and preventing compliance and corruption risks in advance, which in turn contributed to earning trust from consumers and investors.

Internalizing the sense of ethics Throughout the entire process of job execution, we are committed to fulfilling the social responsibilities required for the corporate citizenship by following ethical principles, values, and related regulations. To strengthen ethical management, we have introduced the Charter of Ethics that lays out standards for fair judgment of values and principles of conduct that the entire executives and employees should abide by and established the Charter of Ethics, Code of Ethics, and Code of Conduct for employees to specify ethics rules.



Compliance management system certification (ISO 37301)



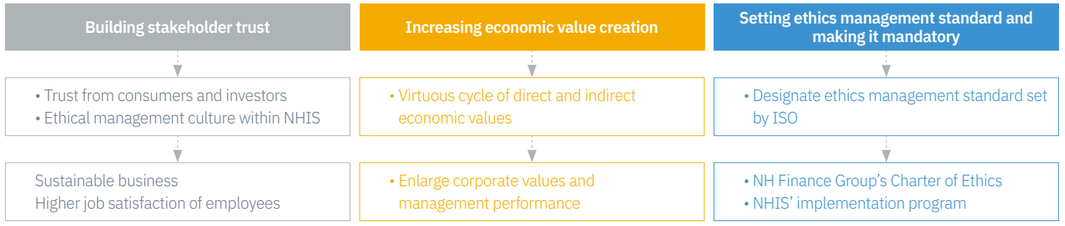
Certification conferment ceremony of compliance management system and anti-bribery management system

Trainings on ethical management NHIS runs a variety of training programs aimed at enhancing employees' sense of ethics and commitment to remaining compliant. Every Thursday, a five-minute video on ethics and compliance and a quick quiz program are provided so that employees can internalize sense of ethics as part of their daily lives. There are two regular ethics and compliance trainings held every year (each in the first and second half respectively) to promote employees' sense of ethics and commitment to observing laws.

NongHyup Financial Group Ethics Charter

1. We, NongHyup Financial Group, are a proud agricultural cooperative financial group that has contributed to the development of agriculture and rural areas by efficiently conducting financial businesses for farmers.
2. With this pride and self-esteem, we seek to develop into Asia's leading global cooperative financial group that receives the affection and trust of farmers and clients through ethical management and compliance management.
3. We therefore strive to achieve our mission with a creative mindset and challenging spirit, handle work with integrity based on high ethical values, and endeavor to prevent corruption and establish a clean work atmosphere.
4. We provide farmers and clients with the best products and services, and practice the principle that puts farmers and clients first through their satisfaction and new value creation management.
5. We comply with domestic laws and international regulations, respect the market order of free competition, and establish community relations in which we engage in mutual cooperation with all stakeholders in pursuit of joint prosperity.
6. We respect the personality of our employees and do not discriminate against them. We also promote fair opportunities and fair evaluations, and strive to improve employees' health and quality of life.
7. We take active part in promoting public interest as a part of society, and contribute to development of the nation and society by continuously creating new value.
8. We respect life and take the lead in protecting nature and the environment to make utmost efforts to secure the natural environment for future generations.

Foundation for Ethical Management at NHIS



Fair trade NHIS observes fair and transparent process when executing and handling all contracts. We clarified the criteria for partner company selection in accordance with rules on contract-related work and leverage the electronic bidding system to handle the entire process. In particular, the IT assets, sensitive intellectual properties, is managed through the "Pan-NongHyup IT Integrated Purchase" system that is operated by the National Agricultural Cooperative Federation. Companies that employ our former employees who retired no more than three years ago are excluded from bidding as part of efforts to comply with fair trade.

Fair competition NHIS complies with various laws and respects business transaction customs pursuant to Article 15 (Compliance with Transaction Laws) and Article 16 (Pursuit of Free Competition) of the Code of Ethics. In addition, NHIS engages itself in fair competition upon the ground of respect for the order of the market economy and fair competition.

Ethics and anti-corruption programs NHIS runs a diversity of anti-corruption programs. All employees voluntarily submit the written oath to practice ethics, written oath on compliance, written oath to observe employee trading regulations, and written oath to comply with the Improper Solicitation and Graft Act every year, making a pledge to strictly observe ethics regulations and contributing to the company's transparent value creation and fostering a sound business culture. In particular, employees in charge of construction, service, purchase contracts, the business area where ethical management matters fill out a written oath for contract integrity semiannually. Each year, all employees conduct a self-assessment of ethical awareness.

Internal/external whistleblowing system NHIS has set in place an independent and fair internal/external whistleblowing system that enables reporting of violations of laws, issues related to the company policies or system, and actions that are in violation of our "Employee Code of Conduct". We strictly guarantee anonymity of the whistleblower who can submit their report through multiple channels. The Compliance Officer is in charge of investigation and violators are referred to the HR Department and the Auditing Department and will be subject to strict disciplinary action. In case of an issue with the company's system, we make sure such issue is rectified and appropriated measures are devised to prevent recurrence. In 2022, there were 17 reports submitted through the internal/external whistleblowing system and two cases were found to be valid and handled accordingly.

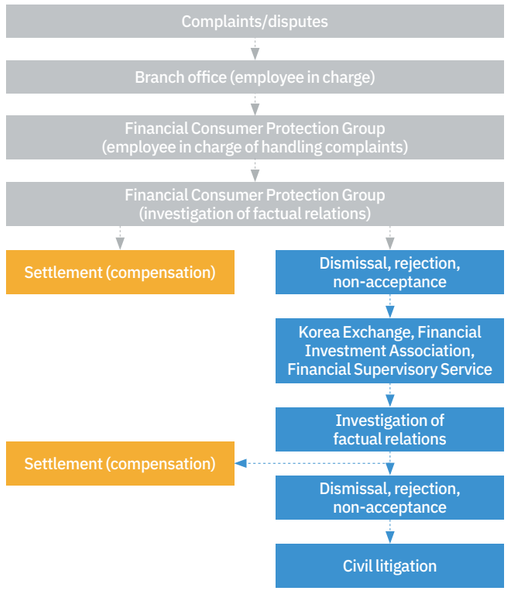
Special internal whistleblowing period NHIS runs a regular intensive whistleblowing period twice a year. In the event of such major social issues of non-ethical nature or related to human rights, we designate a special whistleblowing period in an ad-hoc bases. In 2022, we operated two special internal whistleblowing periods to strengthen employees' awareness of ethics.

Systemizing Financial Ethics to Protect Consumers

Compling with the Financial Consumer Protection Act The Financial Consumer Protection Act has been implemented for the purpose of protecting consumer rights and raising the sense of responsibility for financial institutions. The Act is designed to regulate financial companies to provide fair and transparent services and protect consumers to fully understand and leverage the Act. NHIS is responding to the Act via compliance with the six principles for the sale of financial products and is executing rules which include rights to withdraw subscriptions of financial products, rights to demand termination of unlawful contracts, and rights to demand perusal of materials.

Consumer compensation organization and procedure Recognizing the importance of incorporating VOCs and complaints, NHIS has created a team dedicated to handling consumer complaints and VOCs under the Financial Consumer Protection Group to collect and address consumers' opinions and complaints in a structured manner. In principle, this team should review consumers' complaints and VOCs in a timely manner so that review results for complaints are notified within 14 business days and those for VOCs are notified within two to five business days. If a case falls under a violation of laws or requires compensation for damages caused, we identify required improvements and take measures in a prompt manner.

Complaint/Dispute Handling Procedure



INTEGRATED RISK MANAGEMENT

Risk Management

Risk Management Organization and Offices

Risk management organization To effectively remove and manage risk factors associated with executing business, NHIS categorized risks by type and regularly reports management status of these risks to the Risk Management Committee and top management. The Risk Management Group, a dedicated organization to manage risks, is headed by the Chief Risk Officer (CRO), and reports directly to the CEO. The Group performs the role of risk management planning, management of risk limits, management, review, and supervision of regulatory ratio.

Decision-making body on risk management NHIS runs various councils and committees that help support professional decision making on risks and effectively operated in accordance with risk attributes.

Custody Deliberation Committee In 2022, NHIS entered the custodian service on a mission to contribute to normalizing the capital market, which was struggling from the lack of custody companies. To proactively respond to risk factors that may arise upon entering the new custody business, we have newly established the Custody Deliberation Committee, which performs the role of managing risk factors in advance by assessing collective investment vehicles prior to assuming custody and examining the custody work process. During the fund custody deliberation process, the opinions of related departments including IB and Risk Management Group are incorporated, as part of our efforts to provide an advanced stock custody service.

Decision-making body on risk management

DECISION-MAKING BODY ON RISK MANAGEMENT	ROLE
Risk Management Committee	Under the BOD, the Committee establishes framework and strategies as a top decision-making body
Risk Management Council	The Council sets and manages risk limits, and makes decisions on transactions associated with credit risks
Investment Business Council	The Committee reviews investments and transactions associated with credit risks
Product Approval Committee	The Committee makes an approval for development and sales of financial investment products (including non-complex/complex financial investment products)
Product Approval Council	The Council deliberates in advance and makes decision on agenda items presented by the Product Approval Committee

Risks and Opportunities

Increase in overseas and alternative asset investments Investment demand for overseas and alternative assets is increasing as client's investment appetite has been diversified. To respond to such trend, NHIS is putting in efforts to strengthen assessment capabilities for related overseas asset investment. We are also strengthening the credibility of product structures in advance in pursuit of stabilizing the profit structure and are setting exposure limits by asset type and country to prevent and manage excessive increase in overseas and alternative assets. Furthermore, a department dedicated to managing credit risks is in place to systematically control risks that may occur in overseas and alternative asset investment.

Increased financial market volatility We are witnessing an increased market volatility in bond and stock markets due to the prolonged increase of the base rate due to the concerns for an inflation. The hike in the base rate leads to market rate hike, which in turn enlarges the risk in the bond market while the concerns for a sluggish global economy also increases the volatility of the stock market. Growing market volatility may have negative impacts on operating and hedging derivatives products. To prevent this from happening, we manage issuance volume of derivatives beforehand in accordance with market conditions through the ELS·DLS Issuance Council.

Increased real estate PF credit risks The financial supervisory authorities are tightening regulations in preparation for the spread of credit risks in the real estate PF market. In consideration of such circumstances, NHIS sets a ceiling on real estate PF business size through discussions with NongHyup Financial Group. Compared to other large securities firms, we have small-scale real estate PF assets. We are also conducting regular follow-up supervision by asset types to contain the spread of liquidity or credit risks that may be triggered by insolvent real estate PF market.

Risk Prevention

Business Continuity Plan NHIS has built a business continuity plan (BCP) to be prepared for contingency situations. This helps us prevent risks caused by such unexpected events as IT system failure, outbreak of infectious diseases, fire, and earthquake and continue essential business. Based on the BCP guideline, a Contingency Committee will be set up to ensure business continuity and stability.

Financial Risks

Market Risk Market risk is the risk of a reduction in value of investment assets caused by changes in interest rates, stock prices, and foreign exchange rates. When interest rates fluctuate, earnings change mainly for bonds, which are relevant assets. When stock prices fluctuate, earnings change for stocks and relevant derivatives. Exchange rate changes have an overall impact on overseas assets and business. NHIS frequently verifies derivative product models that are used for value evaluation and risk measurement to minimize the risk of distortion of profits and losses, as well as risk measurements.

Credit Risk Credit risk may take place due to business counterparty's insolvency, decline in credit rating, and violation of contract requirements. NHIS differentiates credit limits for business counterparties by credit ratings and transaction volumes and adopts different decision-making processes according to the credit ratings and business volume to enhance asset soundness continuously. Furthermore, we measure credit risks of assets and set credit exposure limits for each counterparty, affiliate, and book for an intensive management of credit risks. In order to enhance asset quality, we have a strict deliberation and approval process based on credit rating assessment and are running a follow-up management system which includes monitoring of potential insolvency factors, credit reviews and supervision.

Liquidity Risk Liquidity risk refers to the risk of a financial obligation issue that results from insufficient asset liquidity. To manage this risk, NHIS sets all assets and liabilities as risk management targets and measures liquidity and interest rate risks by analyzing daily asset, liability, and off-balance sheet engagement positions. In addition, the Treasury Department and Risk Management Department monitor and control liquidity at the company-wide level and also analyze and report crisis situations. We categorize liquidity risk into three levels and established a response system for each level.

Non-financial Risks

Operational risk Operational risk refers to economic losses that may arise from inappropriate or incorrect internal procedures, personnel, systems, and external events in the course of business operation. To minimize such risk, we built a company-wide operating risk management system (ORMS). Each organization has a Risk Manager (RM), who regularly conducts risk self-assessment on a daily and monthly basis and manages key risk indicators. Furthermore, we regularly examine risk levels of each organization to control potential operational risks. This helps us prevent financial losses from incomplete office tasks or errors, or IT security issues.

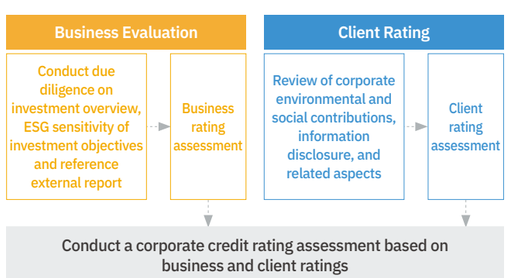
Environmental risk Environment risk refers to the risk of financial and non-financial losses that can be incurred to a company due to environmental issues. NHIS controls equity investments, loans, and others to non-environmental businesses or companies, such as power plants and coal terminals, and sets a ceiling for specific industries that have a high possibility of harming the environment, resulting in environmental risk reduction.

ESG risk ESG risk refers to risks that may arise from three factors – environmental, social, and governance. NHIS is preemptively establishing countermeasures. As a prior step to applying optimal ESG standards aimed at internal social and environmental risk management, we provided training to all employees as a way to raise their understanding of ESG. We also adopted ESG standards for business and client evaluations and set the ceiling. We are also establishing a process of evaluating client and business ratings, through a series of steps ranging from reviewing company's ESG-related disclosed materials, referencing outside expert reports, and conducting mandatory due diligence in the deal assessment process. In the mid to long term, we are planning to devise and establish an assessment process that takes ESG into consideration and to incorporate ESG into the corporate credit rating assessment system for improvement. To achieve this, we are deriving non-financial evaluation criteria.

Risk Management Vehicle

RISK MANAGEMENT VEHICLE	DESCRIPTION
Sensitivity Analysis	An analysis of changes in value due to changes in market risk factors, such as stock prices, interest rates, exchange rates, and volatility
Stress Test	A measure of potential losses in case of exceptional events, such as a market crisis
Risk Appetite	A ratio of risk capital (capital allocated for potential loss compensation) against available capital * Risk appetite in 2022: 56.1%

Building ESG-related Corporate Credit Rating System

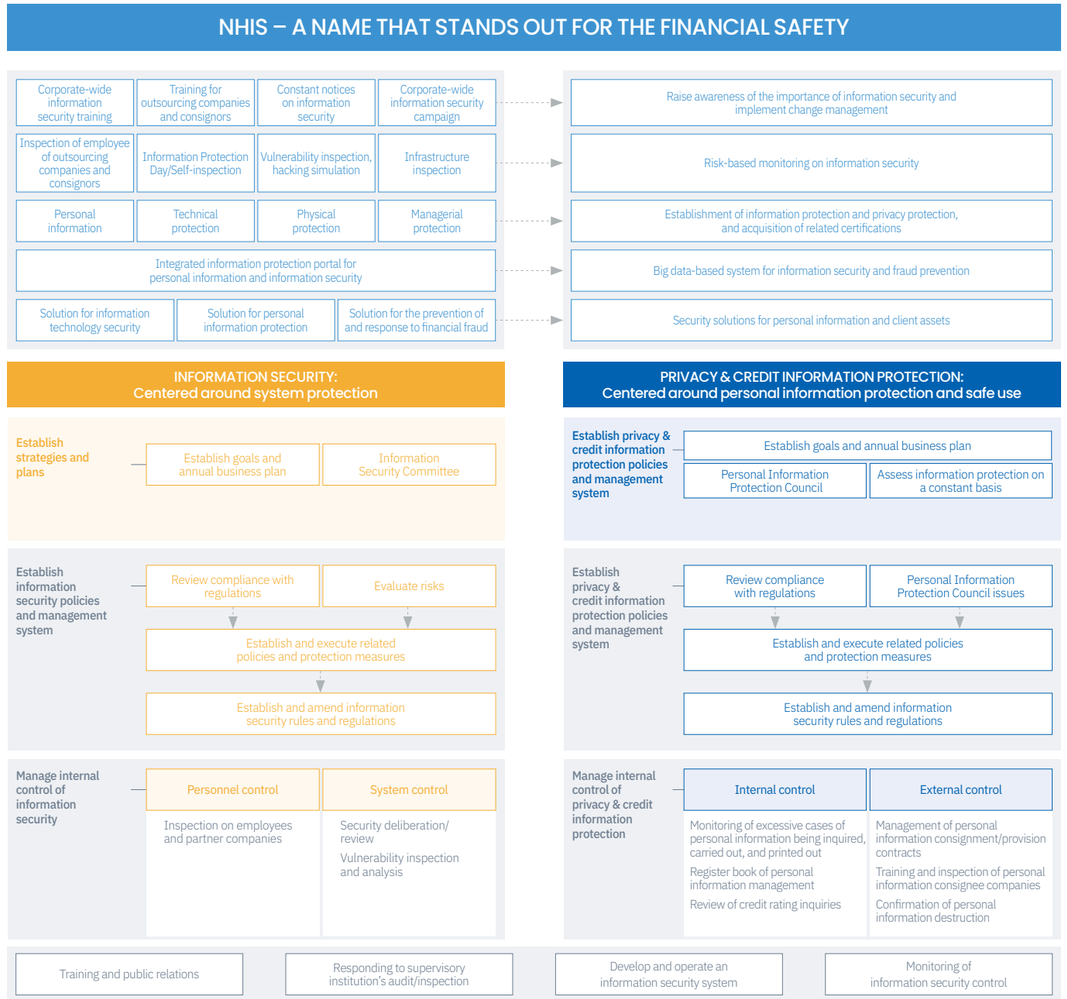


STRENGTHENING INFORMATION PROTECTION

Information Protection Strategy

Operation Strategy for Information Protection and Personal Information Protection

To fulfill its mission statement of "NHIS – a name that stands out for the financial safety", NHIS established information protection strategy focused on protecting the IT systems and personal and credit information protection strategy focused on protecting and leveraging personal information and is making a systematic effort to fulfill such strategies. By creating a structured internal control management system, we not only protect the information of our employees and business partners but also continuously examine and monitor the status of personal information protection down to each individual level.



Client Information Protection

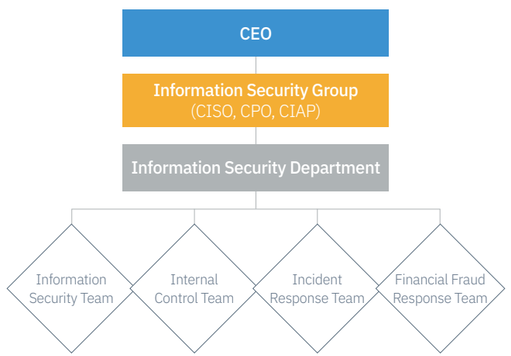
Information Protection Framework

Information protection management framework NHIS has the Information Security Department under direct control of the CEO to facilitate the establishment of a strong information security system. To prevent security risks and take quick measures throughout the process, such as detecting and handling risks, we have consolidated the executive roles in charge of information and customer information protection – the Chief Privacy Officer (CPO), Credit Information Administrator and Protector (CIAP), and Chief Information Security Officer (CISO) into the Head of Information Security Group.

Every year, Information Security Team and related departments jointly formulates information protection execution plan, which will be submitted as an agenda item to the Information Security Committee and then reported to the CEO once deliberated and approved by the Committee. On top of this, information security systems of different types are in full-throttle and security monitoring system is up and running 24/7 to safeguard the company's information asset. Also, we conduct a server hacking simulation training (once a year), a DDOS attack simulation training (once a year), and email penetration response trainings (four times a year) to stay vigilant against cyber threats.

Information Security Committee NHIS operates the Information Security Committee regularly or on an ad-hoc basis to make critical decisions and agenda items resolved by the Committee are reported to the CEO to ensure decisions are made in a cautious manner. The Committee is chaired by the Chief Information Security Officer (CISO) with members leading the IT, Information Security, Compliance, and Platform departments to perform the role of deliberating and resolving critical matters in terms of information protection.

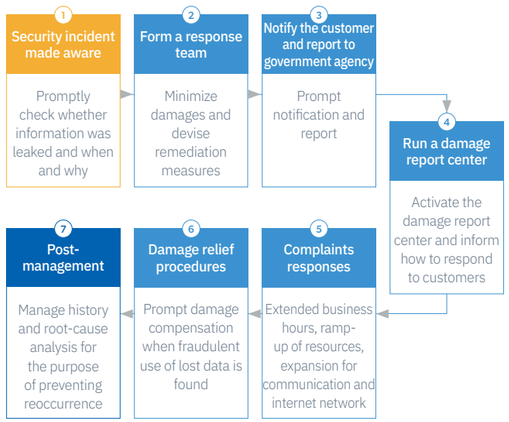
Information Security Governance



Client Personal Information Protection Policies

Privacy handling principles NHIS only collects minimal personal information from customers who use the NHIS services and does not use or share with third parties the information other than for the purpose agreed upon. Customers' personal information collected when signing up for financial transactions are retained and used no later than the designated period. Once the purpose of such data collection is met, the information will be deleted without any delay into forms that cannot be restored of reproduced. Furthermore, we guarantee the right to data portability which entitles individual customers the right to request to transfer one's own personal information to another company and also revoke the transfer request. We also signed security management agreements with custodian companies who are delegated to handle personal information to comply with technical, physical, and administrative protection measures and went a step further to check their compliance stance through a due diligence at least once a year, so that custodian companies commissioned to handle personal information can also be under control and supervision.

Process of Handling Personal Information Leakage



Cases of personal information leaks



* There was a leakage due to open banking system error not data breach such as hacking

Please refer to page 113 of the ESG Factbook for 3-year data of personal information leaks

Major Information Protection Activities

NHIS' efforts towards information and personal information protection are being made in the form of investment, certification, and activities

Certification for information security management Since being certified for the Information Security Management System (ISMS) in 2015, NHIS has renewed the certification every year through a follow-up assessment, thereby continuously strengthening the company's security posture. Furthermore, through the certification for the Personal Information & Information Security Management System (ISMS-P) encompassing personal information in 2021, we were able to complete an integrated security system that spans across the entire information security areas. The company went on receiving the certificate for ISO 27001 in 2022, the international standards on information protection management system, which serves as a proof that our compliance status with both Korean and international regulatory and supervisory bodies' requirements and competency level for information protection and personal information protection are validated each year.



Certification for data protection and personal information management system (ISMS-P)



International standards on information protection management system (ISO 27001)

Investment

Secure experts and expand investment to deal with varying threats that have risen in line with expansion of new services

Information security organization and manpower status in 2022
- A total of 29 employees under the Information Security Group

Investment budget for information protection area in 2022
- Budget related to information technology: KRW 148,766 million
- Budget related to information protection: KRW 11,893 million

Certification

Regular verification by trustworthy third-party agencies to obtain service security and operational credibility

Certification for ISMS-P
- [Scope] Electronic financial services (trading, banking, financial products)
- [Valid period] May 31, 2021 - May 30, 2024

Certification for ISO 27001
- [Scope] Electronic financial services (trading, banking, financial products)
- [Valid period] Dec. 7, 2022 – Oct. 31, 2025

Activity

Lay the foundation for customers' personal information protection through various security services and employee trainings and campaigns

Personal information protection trainings in 2022
- A total of 2,978 executives and employees and 81 outsourced staff received a five-week trainings and test

Personal information exfiltration drill
- Drill for personal information exfiltration: 2 times a year
- Drill for malicious emails: 4 times a year

Proactive response to changing regulations by studying privacy protection trend and cases at home and abroad and cooperating with external experts

External cooperation on personal information protection
- Participate as a representative company for the Financial Security Institute
- Participate in the working-level council on personal information protection within the financial investment industry

Agreement on legal advisory with external law firms
- Authentic interpretation for regulatory changes and run seminars

Assessment and verification on information protection management system NHIS carries out simulated hacking on various trading channels (HTS, MTS, and WTS), website, and work system as well as regular and ad-hoc vulnerability inspection by third-party agency. In particular, we run vulnerability analysis and evaluation for online financial infrastructure (once a year) and vulnerability inspection and mock hacking (twice a year) to deal with malicious attacks from outside. For vulnerabilities identified through these activities, we devise measures for improvement and also checks whether such measures are appropriately put into place.

Simulated cyber attack drills NHIS conducts advanced persistent threat (APT) trainings, a drill to train executives and employees to respond to ransomware attacks, in conjunction with the Financial Security Institute. For employees who did not pass the training conducted with the Financial Security Institute, we provide additional APT trainings as well as evaluation. Throughout this, NHIS strives to prevent security risks and incidents in advance by guiding employees on what cautionary measures should be taken in using email, etc.

Raising information security awareness In order for the entire workforce to exercise their best efforts towards information security, NHIS provides all employees with trainings on information protection and personal information protection each year and training programs vary by job grade including new employees and managers (division head, executive, and the CEO). In additional to mandatory trainings stipulated by the law, monthly magazines for information protection are issued and the trends in information and personal information protection are shared biweekly to enhance employees' awareness and understanding of information security.

In addition, we have rolled out diverse programs and campaigns including the "clean desk" – random inspection of office space after employees leave work; personal information masking; and strengthening of the duplicate file prevention function, an endeavor aimed at settling information protection as a corporate culture.

Information Security Trainings in 2022

No. of participants in personal information protection training	Hours of personal information protection training
2,978	18,495

* Personal information and information protection trainings of Financial Security Agency

Please refer to page 113 of the ESG Factbook for 3-year data of information security trainings

03 ESG FACTBOOK

094 Financial Performance
103 ESG Data
115 Policy Book
123 GRI Universal Standards Index
127 SASB Index
131 UNGC
132 UN SDGs
133 Third-Party Assurance Statement
135 Greenhouse Gas Assurance Statement
136 2022 Awards
137 Association Membership

FINANCIAL PERFORMANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
NH Investment & Securities Co., Ltd.

OPINION

We have audited the accompanying consolidated financial statements of NH Investment & Securities Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NH Investment & Securities Co., Ltd. and its subsidiaries as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

BASIS FOR OPINION

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of Over-The-Counter Derivatives Classified as Level 3

Why it is determined to be a key audit matter.
Majority of the fair values of over-the-counter derivatives classified as Level 3 in the consolidated financial statements is calculated using an internally developed valuation system. Management's estimates and judgment are required in estimating the fair value of these derivatives held by the Group in determining appropriate models, assumptions and inputs. Given the complexity of estimation and the extent of judgment involved in valuing these over-the-counter derivatives, we considered this to be a key audit matter. Over-the-counter derivatives classified as Level 3 of the Group subject to fair value measurement are derivative assets, derivative liabilities, securities at fair value through profit or loss and financial liabilities designated at fair value through profit or loss that amount to ₩ 7,669,631 million as at December 31, 2022 (Note 9.1).

How our audit addressed the key audit matter.
We obtained an understanding and evaluated processes and controls in relation to fair value measurement. Our focus was particularly on the accuracy of underlying transaction data used and mathematical calculation in accordance with management's internal valuation methodologies.

We assessed design and tested operating effectiveness of controls over accuracy and completeness of key inputs such as underlying transaction data used in management's determination of estimated fair value. We tested transaction data used in the valuation by examining supporting evidence including contracts and trade confirmations.

We also tested the controls over periodic verification of management's internal valuation system, verification of input data, and verification of output data to ensure the accuracy of over-the-counter derivative valuation. We involved our derivative valuation specialist to independently estimate fair values utilizing independent valuation models and variables to see if management's valuation is outside our ranges.

2. Appropriateness of recognition of fee and commission income from non-regular way transactions

Why it is determined to be a key audit matter.
With regard to the Group's fee and commission income arising from non-regular way transactions of the Group for the year ended December 31, 2022, underwriting commissions were ₩ 75,555 million, commissions on merger and acquisition were ₩ 18,041 million, and financial guarantee fee were ₩ 220,203 million (Note 27). The fees and commissions incurred from non-regular way transactions have a high risk of early recognition of fee and commission income in order to achieve performance and others, and their payment conditions are determined for each contract in various and complex transactions. Accordingly, it is probably high for management's judgement to be involved in the process of determining the timing and the amount of revenue recognition, and it was included as a key audit matter.

How our audit addressed the key audit matter.
We obtained an understanding and evaluated processes and controls in relation to the timing and the amount of revenue recognition of fee and commission income from non-regular way transactions established by management.

To review timing and amount of recognition of commission income, we tested controls relevant to identification of performance obligation and determination of the amount of consideration and timing of the commission income.

We tested appropriateness of the timing of revenue recognition and the recognized revenue amount and verified the occurrence of the transaction and relating amounts, through review of the relevant evidence, such as contract, on a sampling basis.

OTHER MATTER

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations. Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is SooYeon Jeong, Certified Public Accountant.

Samil PricewaterhouseCoopers

Seoul, Korea
March 6, 2023

This report is effective as of March 6, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

NH Investment & Securities Co., Ltd. and Subsidiaries (in millions of Korean won)

	Notes	2022	2021
Assets			
Cash and cash equivalents	39,41	₩ 1,967,234	₩ 1,348,746
Financial assets at fair value through profit or loss ("FVTPL")	4,5,8,9,10,11,12,41,42	24,979,378	34,593,665
Derivative assets (hedging)	5,9,10,41,42	908	-
Financial assets at fair value through other comprehensive income ("FVOCI")	6,9,10,11,12,42	8,433,851	5,143,796
Financial assets at amortized cost, net	7,8,9,10,12,41,42	17,213,773	16,637,296
Investments in associates and joint ventures	13,41	398,244	435,949
Property and equipment, net	12,14,41	182,138	161,340
Investment properties, net	12,15	57,318	54,294
Intangible assets, net	16,41	63,911	56,834
Right-of-use assets	17,41	46,684	47,751
Current tax assets		12,593	11,550
Deferred tax assets	37	10,550	11,384
Other assets	18,41,42	61,685	39,394
Total assets		**₩ 53,428,267**	**₩ 58,541,999**
Liabilities			
Deposits due to customers	9,19,41,42	₩ 5,600,415	₩ 7,575,232
Financial liabilities at fair value through profit or loss ("FVTPL")	5,9,10,20,41,42	13,915,709	14,138,157
Derivative liabilities (hedging)	5,9,10,41,42	313	3,694
Borrowings	9,10,11,21,39,42	18,026,331	20,072,272
Debentures	9,21,39,42	3,517,735	3,415,340
Other financial liabilities	9,10,22,39,41	4,739,266	5,935,467
Provisions	23,40	88,496	88,217
Current tax liabilities		41,787	212,375
Deferred tax liabilities	37	85,289	81,780
Other liabilities	24,25,41	184,870	196,160
Total liabilities		**₩ 46,200,211**	**₩ 51,718,694**

NH Investment & Securities Co., Ltd. and Subsidiaries (in millions of Korean won)

	Notes	2022	2021
Equity			
Equity attributable to equity holders of the parent	26		
Capital stock		₩ 1,782,560	₩ 1,609,400
Capital surplus		1,867,583	1,641,600
Other components of equity		299,187	264,584
Retained earnings (The beginning balances of regulatory reserve for credit loss as at December 31, 2022 and 2021, were ₩ 89,773 million and ₩ 78,893 million, respectively. The amounts estimated to be transferred into (reversed from) regulatory reserve for credit loss as at December 31, 2022 and 2021, were ₩ (3,871) million and ₩ 10,880 million, respectively.)		3,274,063	3,302,570
		7,223,393	6,818,154
Non-controlling interests		4,663	5,151
Total equity		7,228,056	6,823,305
Total liabilities and equity		**₩ 53,428,267**	**₩ 58,541,999**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2022 and 2021

NH Investment & Securities Co., Ltd. and Subsidiaries

(in millions of Korena won, except per share amounts)

	Notes	2022	2021
Net fee and commission income	27,41,44		
Fee and commission income		₩ 1,030,882	₩ 1,417,597
Fee and commission expense		246,767	234,538
		784,115	1,183,059
Net interest income	31,41		
Interest income			
Interest income calculated using the effective interest method		714,217	512,764
Interest income on financial instruments at fair value through profit or loss		518,916	486,464
		1,233,133	999,228
Interest expense		557,608	229,527
		675,525	769,701
Net gain (loss) on financial instruments at fair value through profit or loss	28	(317,893)	46,341
Net loss on financial assets at fair value through other comprehensive income	29	(1,971)	(485)
Net gain (loss) on financial assets at amortized cost	32	9,024	(3,309)
Provisions for (reversal of) credit losses	33	(36,144)	13,448
Gain on foreign exchange transaction		59,156	178,616
General and administrative expenses	34,41	(845,076)	(1,046,625)
Other operating revenue	35,41	194,621	153,199
Operating income		521,357	1,293,945
Non-operating income	36	44,345	106,033
Non-operating expenses	36	125,487	97,915
Profit before income taxes		440,215	1,302,063
Income tax expense	37	137,287	370,599
Profit for the year		**₩ 302,928**	**₩ 931,464**
Net profit attributable to the equity holders of the parent (adjusted profit after regulatory reserve for credit loss for the years ended December 31, 2022 and 2021, amounted to ₩ 307,290 million and ₩ 920,646 million, respectively)		303,418	931,526
Net loss attributable to the non-controlling interests		(490)	(62)

NH Investment & Securities Co., Ltd. and Subsidiaries

(in millions of Korena won, except per share amounts)

	Notes	2022	2021
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss			
Loss on valuation of financial assets at FVOCI (Debt securities)		₩ (86,760)	₩ (24,366)
Gain (loss) on valuation of derivative instruments (hedging)		(750)	514
Gain on overseas business translation		49,677	64,423
Other comprehensive income attributable to the non-controlling interests		2	61
		(37,831)	40,632
Items that will not be reclassified to profit or loss			
Gain on valuation of financial assets at FVOCI (Equity securities)		44,735	72,803
Adjustment of credit risk of financial liabilities measured at FVTPL		14,076	9,603
Remeasurement of the defined benefit plan		13,626	(23,014)
		72,437	59,392
Total other comprehensive income		34,606	100,024
Total comprehensive income		**₩ 337,534**	**₩ 1,031,488**
Comprehensive income attributable to the equity holders of the parent		₩ 338,022	₩ 1,031,488
Comprehensive loss attributable to the non-controlling interests		(488)	-
Basic earnings per share *(in Korean won)*	38	₩ 881	₩ 3,071
Diluted earnings per share *(in Korean won)*	38	₩ 881	₩ 3,071
Basic earnings per share (preferred stock) *(in Korean won)*	38	₩ 931	₩ 3,121

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2022 and 2021

NH Investment & Securities Co., Ltd. and Subsidiaries

(in millions of Korean won)

	Capital stock	Capital surplus	Other components of equity	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2021	₩ 1,531,275	₩ 1,520,120	₩ 164,622	₩ 2,581,705	₩ 5,797,722	₩ 5,152	₩ 5,802,874
Transactions with owners:							
Dividend paid	-	-	-	(210,661)	(210,661)	-	(210,661)
Capital increase with consideration	784,115	121,480	-	-	199,605	-	199,605
Total comprehensive income:							
Profit (loss) for the year	-	-	-	931,526	931,526	(62)	931,464
Other comprehensive income							
Gain on valuation of financial assets at FVOCI	-	-	48,437	-	48,437	-	48,437
Gain on changes in credit risk of financial liabilities at FVTPL	-	-	9,603	-	9,603	-	9,603
Remeasurement of the defined benefit plan	-	-	(23,014)	-	(23,014)	-	(23,014)
Gain on valuation of derivative instruments	-	-	514	-	514	-	514
Gain on overseas business translation	-	-	64,422	-	64,422	61	64,483
Balance at December 31, 2021	**₩ 1,609,400**	**₩ 1,641,600**	**₩ 264,584**	**₩ 3,302,570**	**₩ 6,818,154**	**₩ 5,151**	**₩ 6,823,305**
Balance at January 1, 2022	₩ 1,609,400	₩ 1,641,600	₩ 264,584	₩ 3,302,570	₩ 6,818,154	₩ 5,151	₩ 6,823,305
Transactions with owners:							
Dividend paid	-	-	-	(331,926)	(331,926)	-	(331,926)
Capital increase with consideration	173,160	225,983	-	-	399,143	-	399,143
Total comprehensive income:							
Profit (loss) for the year	-	-	-	303,419	303,419	(490)	302,929
Other comprehensive income							
Loss on valuation of financial assets at FVOCI	-	-	(42,025)	-	(42,025)	-	(42,025)
Gain on changes in credit risk of financial liabilities at FVTPL	-	-	14,076	-	14,076	-	14,076
Remeasurement of the defined benefit plan	-	-	13,626	-	13,626	-	13,626
Loss on valuation of derivative instruments	-	-	(750)	-	(750)	-	(750)
Gain on overseas business translation	-	-	49,676	-	49,676	2	49,678
Balance at December 31, 2022	**₩ 1,782,560**	**₩ 1,867,583**	**299,187**	**₩ 3,274,063**	**₩ 7,223,393**	**₩ 4,663**	**₩ 7,228,056**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

NH Investment & Securities Co., Ltd. and Subsidiaries

(in millions of Korean won)

	Notes	2022	2021
Cash flows from operating activities			
Profit before income taxes		₩ 440,216	₩ 1,302,063
Other adjustments to reconcile net income to net cash provided by operating activities	39	(542,553)	(1,026,177)
Changes in operating assets and liabilities	39	6,161,705	2,294,141
Interest income received		1,099,978	963,931
Interest expense paid		(538,328)	(189,831)
Dividend received		297,505	319,323
Income taxes paid		(289,758)	(204,278)
Net cash inflow from operating activities		6,628,765	3,459,172
Cash flows from investing activities			
Cash inflows			
Disposal of financial assets at FVOCI		3,261,142	3,478,319
Disposal of investments in associates		67,176	59,631
Net cash inflows due to changes in consolidation scope		-	11,785
Decrease in deposits		12,614	21,809
Disposal of property and equipment and investment properties		1,297	9,955
Disposal of intangible assets		676	2,104
		3,342,905	3,583,603
Cash outflows			
Acquisition of financial assets at FVOCI		(6,780,462)	(3,185,723)
Acquisition of investments in associates		(90,896)	(125,408)
Net cash outflows due to changes in consolidation scope		(35,924)	-
Increase in deposits		(22,271)	(8,303)
Acquisition of property and equipment		(56,645)	(55,247)
Acquisition of intangible assets		(4,770)	(3,206)
		(6,990,968)	(3,377,887)
Net cash inflow (outflow) from investing activities		(3,648,063)	205,716

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

NH Investment & Securities Co., Ltd. and Subsidiaries (in millions of Korean won)

	Notes	2022	2021
Cash flows from financing activities			
Cash inflows			
Increase in debentures		34,727,215	66,812,624
Increase in deposits received		116	1,381
Increase in non-controlling liabilities		59,640	144,161
Capital increase with consideration		399,143	199,605
		35,186,114	67,157,771
Cash outflows			
Net decrease in borrowings		(2,559,178)	(3,817,754)
Decrease in debentures		(34,665,000)	(66,708,669)
Decrease in lease liabilities		(32,174)	(26,387)
Decrease in deposits received		(1,250)	(1,653)
Dividend paid		(331,926)	(210,661)
		(37,589,528)	(70,765,124)
Net cash outflow from financing activities		(2,403,414)	(3,607,353)
Net increase in cash and cash equivalents		577,288	57,535
Effect of exchange rate changes on cash and cash equivalents		41,201	78,563
Cash and cash equivalents at the beginning of the year	39	1,348,745	1,212,647
Cash and cash equivalents at the end of the year	39	₩ **1,967,234**	₩ **1,348,745**

ESG Data

Environmental

Greenhous Gas (Scope 1, Scope 2, Scope 3) (Unit: tCO_2eq)

Category	Scope of Calculation	2020	2021	2022	IDC added in 2022[5]
Direct Emissions (Scope 1)		489.0	731.4	1,074.6	781.3
LNG	Head office	67.7	333.3	391.9	
	Branch, Human Resources Center	N/A	N/A	293.3	
Diesel[1]	Head office	0.6	-	-	
Gasoline (mobile combustion)	Head office (mobile combustion)	394.4	370.9	381.9	
Diesel (mobile combustion)	Head office (mobile combustion)	26.3	27.3	7.5	
Indirect Emissions (Scope 2)		4,779.7	4,064.0	6,306.8	3,708.6
Electricity	Head office	2,926.9	2,188.1	2,103.9	
	Branch, Human Resources Center, In-house daycare center	N/A	N/A	2,577.3	
	IDC	1,753.8	1,786.0	1,602.8	
	Mobile combustion[2]	-	0.1	1.9	
Steam[3]	Head office	99.0	89.8	-	
	Branch	N/A	N/A	20.9	
Other Emissions (Scope 3)		485.1	301.0	437.7	411.7
Water	Entire company	12.0	11.3	11.7	
Paper	Entire company	94.2	86.3	76.0	
Bank book	Entire company	0.5	0.5	-	
Credit card	Entire company	0.2	0.3	0.2	
Business trip	Head office	378.1	202.6	323.8	
	Branch	N/A	N/A	26.0	
Indirect Emissions (Scope 2)		5,753.7	5,096.4	7,819.0	4,901.5

*GHG emissions were calculated according to the “ISO 14064-1:2018” and “GHG Protocol:2004” standards. Year 2020 emissions were calculated based on the area of the old office building. Emissions in 2021 and onwards were calculated based on the head office’s lease area in the new office building (Parc.1). In addition, emissions of branches, Human Resources Center, and daycare centers were aggregated starting in 2022 and added to the calculation target.

[1] After the relocation to the new office building (Parc.1) in 2021, the company with head office’s emergency generator operation control rights and that handles energy cost management changed. As a result, GHG emissions from diesel were excluded from the calculation target.

[2] EVs were adopted as part of fleet vehicles starting in 2021. Accordingly, electric mobile combustion GHG emissions were added to the calculation target.

[3] After the relocation to the new office building (Parc.1), which is an eco-friendly building, in 2021, there are no headquarters steam emissions.

[4] Issuance of paper passbooks was suspended at the company-wide level in 2022.

[5] Figure that excludes the expanded data calculation scope in 2022 (for the purpose of comparing 3-year GHG emissions).

Energy

(Unit: GJ)

Category		Scope of Calculation	2020	2021	2022
LNG		Head office	1,334.3	6,576.2	6,817.6
		Branch	N/A	N/A	5,778.3
Diesel (L)		Head office	8.3	-	-
Electricity (kWh)		Head office (mobile combustion)	22,935.7	17,146.2	16,486.5
		Branch, Human Resources Center, In-house daycare center	N/A	N/A	20,196.4
		IDC	13,743.1	13,995.3	12,559.7
Steam (Gcal)		Head office	2,848.3	2,497.0	-
		Branch	N/A	N/A	350.0
Mobile combustion	Gasoline, Diesel (L)	Head office	6,241.5	5,906.0	5,788.4
	Electriviry (kWh)	Head office	-	0.5	14.5

Water and Paper

Category		Scope of Calculation	2020	2021	2022
Water withdrawal[1]	m^3	Head office	36,148.0	47,706.0	30,506.9
		Branch	-	-	18,775.9
Water consumption[2]	M^3	Head office	0	0	0
		Branch	-	-	0
Waste water[1]	m^3	Head office	36,148.0	47,706.0	30,506.9
		Branch	-	-	18,775.9
Reclaimed water consumption[3]	m^3	Head office	N/A	16,910.0	10,387.5
Paper use	Ton	Head office	84.1	77.1	67.9

[1] Withdrawal was calculated using the amount of water that flowed into (withdrawal) the new office building (Parc.1) and the amount of water discharged (effluent) based on water supply and sewage use.
[2] Water consumption is calculated based on the amount of withdrawal and effluent presented by CDP.
[3] Reclaimed water use was measured after the relocation to the new office building (Parc.1), which is an eco-friendly building, in 2021.

Waste

(Unit : ton)

Category	2020	2021	2022
Waste disposal[1]	263.0	199.5	249.6
Recycling	120.0	80.0	108.5

[1] This includes general waste and specified waste. Discharge amount in 2021 that was mistakenly specified in the Integrated Sustainability Report 2022 was recalculated and specified. → Changed to 0.01875 tons per one standard plastic garbage bag (75 L) (applied the Ministry of Environment's "Guidelines on the Volume-based Waste Fee System").

Energy Intensity

1) GHG Emissions

(Unit: tCO_2eq/m^2)

Category	Scope of Calculation	2020	2021	2022
Scope 1	Head office	0.0107	0.0134	0.0136
Scope 2	Head office	0.0407	0.0417	0.0366

2) Energy Consumption

(Unit: GJ/m^2)

Category	Scope of Calculation	2020	2021	2022
Scope 1	Head office	0.1567	0.2349	0.2188
Scope 2	Head office	0.5041	0.3142	0.2865

Eco-friendly Investment

Category	Unit	Scope of Calculation	2020	2021	2022
No. of EVs owned	Vehicles	Head office	N/A	3	3

* Some of the fleet vehicles were changed to electric vehicles starting in 2021.

Social

Employment

Category		Unit	2020	2021	2022
Total number of employees		Persons	3,053	3,064	3,136
New employee hires	Male	Persons, %	108(73.0)	103(56.9)	153(67.1)
	Female	Persons, %	40(27.0)	78(43.1)	75(32.9)
Employee turnover and retirement	Male	Persons, %	118(67.4)	151(71.2)	129(62.9)
	Female	Persons, %	57(32.6)	61(28.8)	76(37.1)
Employment type	Permanent	Persons, %	2,199(72.0)	2,156(70.4)	2,149(68.5)
	Non-permanent[1)]	Persons, %	854(28.0)	908(29.6)	987(31.5)
Region	Domestic	Persons, %	3,040(99.6)	3,058(99.8)	3,130(99.8)
	Overseas	Persons, %	13(0.4)	6(0.2)	6(0.2)
Position	Executive officer	Persons, %	66(2.0)	64(2.1)	66(2.1)
	Managerial[2)]	Persons, %	1,918(63.0)	1,940(63.3)	2,017(64.3)
	Staff	Persons, %	1,069(35.0)	1,060(34.6)	1,053(33.6)
Age	20s	Persons, %	299(9.8)	331(10.8)	353(11.3)
	30s	Persons, %	1,131(37.1)	1,054(34.4)	988(31.5)
	40s	Persons, %	1,057(34.6)	1,025(33.5)	1,077(34.3)
	Over 50s	Persons, %	566(18.5)	654(21.3)	718(22.9)
Gender	Male	Persons, %	1,827(59.8)	1,780(58.1)	1,821(58.1)
	Female	Persons, %	1,226(40.2)	1,284(41.9)	1,315(41.9)

[1)] Non-permanent positions: Including executives, salary contract employees, sales professionals, indefinite-term contractors, short-term contractors, and part-timers
[2)] Managerial: Managers and higher positions

Employee Diversity

Category		Unit	2020	2021	2022
Female leadership (position)	Percentage of female employees	%	40.2	41.9	41.9
	Percentage of female manager[1)]	%	23.7	26.1	28.8
Female leadership (employment type)	Percentage of female permanent employees	%	26.8	30.8	30.6
	Percentage of female non-permanent employees	%	45.3	46.6	47.1
Other employee diversity ratio	Percentage of high school graduates	%	7.4	7.8	7.5
	Percentage of veterans	%	3.1	2.8	2.7
	Percentage of the disabled[2)]	%	1.6	1.5	1.5

[1)] Managerial: Managers and higher positions
[2)] Changed to the reporting standard of the Korea Employment Agency for Persons with Disabilities

Parental Leave

Category	Unit	2020		2021		2022	
		Male	Female	Male	Female	Male	Female
No. of employees took the leave	Persons	2	59	5	84	11	64
No. of employees returned to work	Persons	3	65	1	46	3	65
No. of employees remained for more than 12 months after return-to-work	Persons	1	71	2	63	1	45
Return-to-work rate	%	150.0	110.2	20.0	54.8	27.3	101.6
Retention rate (more than 12 months after return-to-work)	%	100.0	97.3	66.7	96.9	100	97.8

Labor Union Membership

Category	Unit	2020	2021	2022
No. of employees eligible to join the labor union	Persons	1,980	1,927	1,913
No. of employees joined the labor union	Persons	1,980	1,927	1,913
Membership rate	%	100	100	100

Systems for Work-Life Balance

Category		Unit	2020	2021	2022
Flexible working hours[2)]	No. of employees eligible to use the system[1)]	Persons	2,986	3,000	3,070
	No. of employees who use the system	Persons	765	611	712
	Ratio	%	25.6	20.4	23.2
Mom's Lounge	No. of employees eligible to use the system[3)]	Persons	-	134	113
	No. of employees who use the system	Persons	-	27	38
	Ratio	%	-	20.2	33.6
Family Care Leave	No. of employees eligible to use the system	Persons	2,986	3,000	3,070
	No. of employees who use the system	Persons	165	164	182
	Ratio	%	5.5	5.5	5.9

[1)] All employees, excluding executives
[2)] Flexible working hours: Excluding the work hour reduction system such as for pregnancy and infant care period
[3)] No. of persons who used prenatal diagnosis leave, maternity leave, and miscarriage leave from the previous year to the end of the corresponding year (for both head office and branches)

Support for Employee Safety and Health

Category		Unit	2020	2021	2022
Support for health check-up	No. of employees completed health check-up[1)]	Persons	4,325 (2,823)	4,504 (2,819)	4,696 (2,898)
Status of employee health and safety	Occupational incident rate	%	0	0	0
Use of employee emotional health counseling programs	No. of emotion care counseling sessions	Cases	891	1,035	1,160
	No. of employees received counseling	Persons	181	207	212
	Satisfaction level (out of 5)	Point	4.7	4.6	4.8

[1)] Health checkup support is provided to employees and their families

Employee Education

Category		Unit	2020	2021	2022
Average training expenses per employee		KRW 10,000	40	40	40
Average training hours per employee	Male	Hours	57	68	72
	Female	Hours	66	71	79
Training expenses per job type	Branch sales	Hours	97	104	126
	Branch work	Hours	64	74	115
	Head office sales	Hours	37	49	45
	Head office support	Hours	48	60	57

Employee Participation in Human Rights Education Program

Category	Unit	2020	2021	2022
Sexual harassment prevention training	Persons	3,043	3,191	3,088
Banning office bullying	Persons	2,948	3,191	3,088
Improving awareness of persons with disabilities	Persons	3,137	3,191	3,088

Social Contribution Activities

Category		Unit	2020	2021	2022
Social contribution expenses	Donation	KRW 100 million	52	100	32
	Fund	KRW 100 million	2.9	0.8	1.6
No. of participants[1)]		Persons	5,610	4,992	5,910
Hours of participation[1)]		Hours	27,881	24,974	28,744

[1)] Accumulated

Employee Volunteering

Category		Unit	2020	2021	2022
Building Community Town Project	No. of villages	Village	30	31	31
	No. of volunteer activities	Times	39	33	34
	No. of participants (Accumulated)	Persons	1,807	437	964
	Participation rate	%	60	15	32
Love Sharing Blood Donation	No. of people participated once	Persons	94	73	101
	No. of people participated 2 times	Persons	89	141	89
	No. of people participated 3 times	Persons	63	111	75

Support for Small and Medium-Sized Farms

Category		Unit	2020	2021	2022
Crowdfunding to support small and medium-sized farms	No. of farms supported	Farms	24	24	22
	No. of funding projects	Cases	5,570	6,495	4,605
	Target	KRW million	44.0	28.0	24.0
	Fund raised	KRW million	223.0	208.0	174.1
	Achievement rate	%	513	743	725
Smart Stores support for small and medium-sized farms	No. of farms supported	Farms	4	4	4
	Target[1)]	KRW million	4.0	4.0	4.0
	Fund raised[1)]	KRW million	27.8	17.1	9.7
	Achievement rate[1)]	%	695	428	243

[1)] 2020 and 2021 data were revised due to a previous data error

Governance

BOD Operations

Category		Unit	2020	2021	2022
No. of items resolved		Items	39	44	36
No. of items reported		Items	44	32	39
No. of meetings held		Meetings	18	18	13
Attendance rate	Inside director	%	100.0	100.0	100.0
	Outside director	%	87.7	98.9	96.9
	Non-executive director	%	100.0	100.0	100.0

Executive Remuneration

Category		Unit	2020	2021	2022
No. of executives	Registered director	Persons	5	3[1)]	2
	Outside director[2)]	Persons	5	3	3
	Auditing Committee member	Persons	6	3	5
Total remuneration	Registered director	KRW million	1,326	578[1)]	2,538
	Outside director[2)]	KRW million	195	197	142
	Auditing Committee member	KRW million	557	361	523
Average remuneration per person[3)]	Registered director	KRW million	442	289[1)]	1,269
	Outside director[2)]	KRW million	39	65	47
	Auditing Committee member	KRW million	92	120	104

[1)] Excluding outside directors and Auditing Committee members; and including a non-executive director for the headcount but excluding when calculating the average remuneration for 2021

[2)] Excluding Auditing Committee members

[3)] For 2021, the average remuneration of two executives was calculated for registered directors; the average remuneration of three executives was calculated for outside directors; and the average remuneration of three executives was calculated for Auditing Committee member

For 2020, the average remuneration of three executives was calculated for registered directors; the average remuneration of five executives was calculated for outside directors; and the average remuneration of six executives was calculated for Auditing Committee members

BOD Committees

① Director Nomination Committee Operation

Category		Unit	2020	2021	2022
No. of items resolved		Items	7	2	11
No. of items reported		Items	1	0	1
No. of meetings held		Meetings	3	2	7
Attendance rate	Inside director	%	88.0	100.0	100.0
	Non-executive director	%	100.0	100.0	100.0

② Auditing Committee Operation

Category		Unit	2020	2021	2022
No. of items resolved		Items	12	15	17
No. of items reported		Items	11	10	10
No. of meetings held		Meetings	5	6	7
Attendance rate	Inside director	%	100.0	100.0	100.0
	Outside director	%	100.0	100.0	100.0

③ Compensation Committee Operation

Category		Unit	2020	2021	2022
No. of items resolved		Items	5	4	6
No. of items reported		Items	1	1	1
No. of meetings held		Meetings	4	4	4
Attendance rate	Inside director	%	100.0	100.0	100.0
	Outside director	%	100.0	100.0	100.0
	Non-executive director	%	100.0	100.0	100.0

* Inside directors were excluded from the Compensation Committee by a resolution at the 3rd special BOD meeting (Mar 31, 2022) in 2022

④ Risk Management Committee Operation

Category		Unit	2020	2021	2022
No. of items resolved		Items	3	4	3
No. of items reported		Items	8	5	9
No. of meetings held		Meetings	6	5	8
Attendance rate	Inside director	%	100.0	100.0	100.0
	Outside director	%	100.0	100.0	95.8

* Inside directors were excluded from the Risk Management Committee by a resolution at the 3rd special BOD meeting (Mar 31, 2022) in 2022

⑤ ESG Committee Operation

Category		Unit	2020	2021	2022
No. of items resolved		Items	-	-	1
No. of items reported		Items	-	-	3
No. of meetings held		Meetings	-	-	2
Attendance rate	Outside director	%	-	-	83.3
	Non-executive director	%	-	-	100.0

* The ESG Committee was created in 2022

Ethics and Compliance Management Training

Category		Unit	2020	2021	2022
Regular ethics & compliance training	All CMs and team leaders	Times	1	2	2
Training by external instructors	Personnel of relevant divisions	Times	0	0	0
Occasional training	New employees, upon request, etc.	Times	20	32	49

* Including group training only
Excluding video lectures on business ethics for all employees (40 times a year), anti-money laundering training (once a year), and education on fair trade (once a year)

Internal and External Reporting Channels

Category		Unit	2020	2021	2022
Internal	No. of reporting	Cases	6	6	2
	No. of handling[1)]	Cases	3	5	2
	Handling rate (%)	%	50	83	100
External	No. of reporting	Cases	15	28	15
	No. of handling[2)]	Cases	4	5	0
	Handling rate (%)	%	75	40	0

[1)] No. of cases that are found to be valid so that followed by measures taken against the employee
[2)] Reports where investigations have been undertaken, e.g., violation of the Code of Conduct (other reports are classified as complaints)

Special Internal Whistleblowing Period

Category	Unit	2020	2021	2022
Special internal whistleblowing period	Times	3	2	2

Violations of the Rules

Category	Unit	2020	2021	2022
Related to program trading	Cases	5	2	3
Related to conflicts of interest	Cases	3	1	0
Related to order record maintenance	Cases	9	6	5
Related to unfair trade practices	Cases	0	1	0
Violation of financial transactions between employees, etc.	Cases	1	8	7
Others	Cases	14	5	17

Violations of the Laws

Category	Unit	2020	2021	2022
Violations of the laws[1)]	Cases	0	1	3

[1)] Number of violations identified through the financial investment business audit conducted by internal financial committee and measure taken

Cases of Violations of the Laws

Date		Institutions	Category	Reason for measure	Measures taken
2020		No violations			
2021	Jun. 9	FSC	Voluntary report	• Violation of the Foreign Exchange Transactions Act	• Fine KRW 1.74 million → 20% reduction for voluntary payment, completed payment of KRW 1.39 million
2022	Mar. 2	FSC	Sector inspection by FSS (Jul. 2020)	• Violation of prohibition of undue recommendation • Violation of the obligation to confirm explained content • Violation of the hedge fund investment advertising process	• Partial business suspension in March and fine of KRW 5,172.8 million → 20% reduction for voluntary payment, completed payment of KRW 4,138.2 million
	Apr. 14	FSC	FSS investigation (Sep.-Dec. 2021)	• Violation of the obligation to submit a registration statement (Heritage DLS-related)	• Penalty of KRW 417.8 million
	Nov. 17	FSC	Jul. 2022 (request for document submission)	• Violation of the obligation to submit a registration statement (related to DLS of LATAM Hospitality Fund underlying assets)	• Penalty of KRW 56.8 million

Gift Return Center

Category	Unit	2020	2021	2022
No. of gifts returned[1)]	Cases	3	14	0
No. of gifts donated[1)]	Cases	0	3	0

[1)] Aggregated Gift Return Center operation results during the corresponding year's national holiday period

VOC Handling

Category	Unit	2020	2021	2022
No. of cases submitted	Cases	23,784	24,808	11,690
No. of cases resolved	Cases	23,358	24,716	11,690
Handling rate	%	98.2	99.6	100.0

* 2020 and 2021 data were revised due to a previous data error

Prevention of Financial Fraud

Category	Unit	2020	2021	2022
Damage prevention cases	Cases	7	46	72
Damage prevention amount	KRW million	441.6	590.0	814.9

Information Security Trainings

Category	Unit	2020	2021	2022
Participants in personal information protection training	Persons	2,980	2,961	2,978
Hours of personal information protection training	Hours	18,261	18,280	18,495

* Personal information and information protection trainings of Financial Security Agency

Data Breaches

Category	Unit	2020	2021	2022
Cases of personal information leaks	Cases	9[1)]	451[2)]	0

[1)] There was a system error that resulted from a partner company mistake while performing an IT system update in 2020
[2)] Exposure occurred in 2021 due to an open banking system error, rather than hacking or other such infringement

ESG Finance

Category		2021			2022			
ESG Investment	Unit	Target	Performance	Achievement Rate	Target[1)]	Increase Rate	Performance	Achievement Rate
PF investment for new and renewable energy	KRW billion	100.0	150.9	151%	195.0	195%	357.0	183%
Green New Deal PEF fund investment	KRW billion	15.0	15.0	100%	45.0	300%	55.0	122%
ESG fund sales	KRW billion	30.0	121.5	405%	90.0	300%	31.3	35%
ESG bond/fund investment	KRW billion	40.0	310.0	775%	150.0	375%	211.4	141%
Total	KRW billion	185.0	597.4	323%	480.0	259%	654.7	136%

[1)] ESG investment target for 2022 was set in consideration of one-time expenses occurred in 2021

Global Network Profile

Category	Established	Type	2022	
			Equity Capital (KRW billion)	Employees (Persons)[1)]
New York (USA)	1992	Local subsidiary	353	14
Hong Kong	1994	Local subsidiary	7,321	27
Singapore	2008	Asset Management Company	40	4
Jakarta (Indonesia)	2009	Local subsidiary	55	180
Hanoi (Vietnam)	2009	Local subsidiary	702	73
Beijing (China)	2011	Local subsidiary	93	7
London (UK)	2016 2022	(Former) Representative office (Current) Local subsidiary	375	5
Shanghai (China)	1996	Representative office	-	2

[1)] Including no. of locally-hired persons

Policy Book

Human Rights Policy

Human rights management forms the identity of NH Investment & Securities (hereinafter “the Company”) and is a key value of the Company’s management. The Company embraces the principles specified in the United Nations’ Universal Declaration of Human Rights and recognizes the Company’s responsibility to protect human rights as stipulated in the UN Guiding Principles on Business and Human Rights.

1. The Company endeavors to protect and promote human rights by complying with relevant laws and various regulations and establishing and implementing the Company’s internal rules and standards. These standards are applied to the Company’s business sites and subsidiaries in Korea and abroad.
2. The Company continues efforts to promote and strengthen human rights in the Company’s work processes throughout all steps and various activities, including employee hiring and contracts with suppliers and partner companies.
3. The Company focuses on establishing business sites where all employees’ human rights are protected. It guarantees equal employment opportunities to all qualified people and strives to establish a work environment that is free from any kind of discrimination and harassment.
4. The Company recognizes its roles to promote human rights across overall management and supply chain. It expects its suppliers and other partner companies to establish and implement appropriate policies so that they do not get implicated in any human rights violation, such as forced labor, child labor, and human trafficking.
5. The Company values human rights and recognizes that continued interest and measures are necessary for human rights management. As a company with a sense of responsibility, the Company will continue to respect and support human rights all across the globe.

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Diversity, Equity, and Inclusion Policy

NH Investment & Securities (hereinafter “the Company”) strives to pursue diversity, equity, and inclusion in all of the Company’s positions and all countries where the Company engages in business. The Company believes diverse personnel, systems that reflect equity, and an inclusive culture are key factors of the Company’s development.

1. Workforce Diversity

The Company hopes that its personnel composition reflects the diversity of the society where it conducts its business. Diverse personnel mean diverse representation of gender, academic background, place of birth, religion, language, ethnic group, capability, social and economic status, gender identity, and others. The Company believes that various perspectives contribute to reasonable decision-making and that they should be reflected at the company-wide level.

2. Organization with Equity

The Company endeavors to provide all employees with fair promotion opportunities. The Company strives to enable individual employees to develop their career starting from when they begin working at the Company. The Company provides diverse education and programs to promote each employee’s work-related development and success.

3. Culture of Inclusion

The Company recognizes the importance of establishing an inclusive culture. It builds a culture where all employees can freely express their opinions at the Company and feel they are key members of their respective team.

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Safety & Health Management Policy

NH Investment & Securities (hereinafter “the Company”) recognizes that the lives, health, and safety of employees and clients are the top-priority value of management, and promotes the establishment of a safety and health management system and full establishment of a mature safety and health culture. It declares the following safety and health management policy to promote employees’ health and happiness and to establish a pleasant work environment.

1. We set safety and health goals to establish safe business sites, and establish and operate detailed plans to achieve the goals and make continued improvements to the goals.
2. We continually check safety and health-related laws and regulations and strictly abide by them.
3. We confirm, in advance, various risk factors to the safety and health of employees and clients and continually carry out improvement activities.
4. We operate an organization dedicated to safety and health to establish safe business sites and improve the work environment, and provide sufficient personnel and budgetary support.
5. We enhance employees’ awareness of safety and health and make all efforts to expand the autonomous safety culture.

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Corporate Social Responsibility Policy

NH Investment & Securities (hereinafter “the Company”) deeply understands the importance of corporate social responsibility. The Company declares the following to contribute to the creation of a world where clients and members of the society to which the Company belongs can dream of a bright future and to contribute to the enhancement of social welfare.

1. The Company actively takes the lead in sustainable social contribution activities as a responsible corporate citizen.
2. The Company establishes and implements detailed, systematic plans to ensure easiness in the implementation of social contribution activities.
3. The Company endeavors to fully establish an internal culture that promotes employees’ voluntary social contribution activities.
4. The Company promotes strengthening of solidarity with various stakeholders, including customers, local community residents, and relevant social groups, in carrying out social contribution activities.
5. The Company strives to provide information accurately and transparently on social contribution activities.

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Environmental Management Policy

NH Investment & Securities (hereinafter “the Company”) recognizes the need to establish an appropriate environmental management system to appropriately respond to climate change, fulfill social responsibilities by preserving the Earth’s environment, and practice sustainable management. The Company declares the following environmental management policy to strengthen internal ESG capabilities while taking the lead in protecting the environment.

1. The Company establishes an appropriate environmental management system and continually improves the system to reduce the risk of incidents or negative impact on the environment that is connected to investment activities related to the Company’s operations and to providing client services.
2. The Company complies with various laws related to environmental protection.
3. The Company continually monitors various management activities to establish an eco-friendly management and company culture, thus pursuing sustainable development.
4. The Company provides education and training to relevant employees on environmental management policy to counter climate change and preserve the Earth’s environment, and makes continued efforts to communicate the policy to clients, partner companies, and other stakeholders.
5. The Company transparently discloses environment-related management policies and information.

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Environmental and Social Investment Policy

I. Purpose

NH Investment & Securities (hereinafter “the Company”) aims to fulfill its corporate social responsibility as a corporate citizen throughout the entire process of establishing business plans, including investment activities, and conducting business. We actively manage environmental and social risks, and enable stakeholders to create Environment, Social, and Governance (hereinafter “ESG”) value, thereby pursuing environmental sustainability and continuous development in collaboration with various stakeholders, including clients, employees, partner companies, as well as the state, local governments, and social groups.

II. Application Scope and Process

These guidelines are applied to overall management activities of the Company. When executing investments, the Company makes comprehensive investment judgments through previous, traditional industrial, business, and financial analyses as well as non-financial analyses that are based on the ESG standards stipulated by the Company.

III. Negative Screening

Negative screening is a responsible investment strategy that excludes investments in specific industries/companies based on ESG standards. The Company’s negative screening is divided into immediate exclusion and gradual exclusion. Exclusion areas are categorized into product exclusion and action exclusion according to the type. Companies and projects that produce, sell, and distribute weapons related to war and new coal-related projects fall under product exclusion. Companies and projects that engage in acts that cause serious environmental, social, and ethical harm fall under action exclusion.

1. Immediate exclusion

As a principle, if a business carried out by a company that is subject to investment falls under any of the following, investments in the company shall be suspended.

a. Product exclusion

- **Weapons**
  Companies that produce, sell, or purchase equipment used for the purpose of "capital punishment, torture, or other inhuman or cruel punishment or treatment," from among products specified in EU Council Regulation No 1236/2005 (EU regulation on list of prohibited export products) and companies associated with the distribution or storage of prohibited weapons pursuant to international agreements, such as cluster munitions, anti-personnel mines, biochemical weapons, and nuclear weapons, fall under this category.
- **Coal**
  Coal-fired power generation emits large amounts of carbon dioxide and fine dust during the power generation process and is thus a main cause of air pollution. This category targets projects related to construction of new coal-fired power plants.
- **Areas of Interest**
  Cigarettes, gambling, alcohol, and adult entertainment fall under areas that can cause social and ethical issues. For this reason, they are categorized as areas of interest and their impact levels are monitored.

Even for matters that fall under the above, an investment can be made when there are extenuating circumstances, including important management purposes, such as engagement or policy consideration through the application of new technologies, transition of business models, and a responsible investment organization.

b. Action Exclusion

Cases of violation of international standards and agreements, such as the UN Global Compact, and parties subject to sanctions pursuant to the relevant authorities' anti-money laundering laws and terrorist funding prevention laws fall under action exclusion. Serious human rights violations, serious climate change and environmental damage, and significant corruption are included in the category.

In case of biodiversity, financing connected to the following actions is immediately excluded.
- Actions that seriously impact the terrestrial ecosystem, such as illegal felling, illegal wild animal trafficking, and development of national wildlife sanctuaries
- Actions that destroy the marine ecosystem, such as fishing activities that use dynamites or chemicals or illegal discharge of harmful substances

2. Gradual Exclusion

Product exclusion and action exclusion are applied according to ESG execution progress and the application target is gradually expanded. The product exclusion target is cigarettes, gambling, alcohol, adult entertainment, and other areas of interest. Application is phased in consideration of the sales proportion. In terms of the action exclusion target, animal testing, live animal exports, modern-day slavery, and child labor-related targets are added. In case there are other issues, judgments are made according to policy consideration or engagement through a responsible investment organization.

IV. Continuous Risk Management for Investment Targets

1. Even after the initial investment, the Company shall continually pay attention to the investment target's transaction trends and make utmost efforts to timely review the status of the company's fulfillment of social responsibilities in addition to operational activities and financial changes.
2. In principle, if the Company determines that an investment target's business and management activities have the possibility of causing an ESG-related disadvantage, it shall suggest the establishment of an improvement plan, track the status of plan execution, and re-evaluate whether to continue trade.

V. ESG Investment Goals

The Company strives to place priority on investments that are in line with sustainable goals, including the following, to achieve/implement the UN Sustainable Development Goals (SDGs).

1. No poverty

- Expand social services for people in poverty and the underprivileged
- Guarantee financial service accessibility, including appropriate new technologies and micro finance

2. Zero hunger and sustainable agriculture

- Guarantee food accessibility of the underprivileged
- Create diverse jobs in farming villages
- Expand eco-friendly agricultural businesses
- Support social infrastructure research in relation to agricultural product markets and secure derivative product safety functions

3. Good health and well-being

- Prevent and manage chronic disease and infectious disease
- Expand and improve medical service accessibility
- Improve hygiene
- Prevent environmental pollution of air, water quality, and soil caused by harmful substances

4. Quality education

- Provide many quality education services
- Provide education support for the underprivileged
- Expand education facilities
- Establish a safe education infrastructure

5. Gender equality

- Increase employment of women and improve discrimination
- Provide information related to pregnancy and childbirth, and education
- Increase opportunities for participation by female leadership in all decision-making levels
- Guarantee women's accessibility to land and other assets, financial services, and natural resources

6. Clean water and sanitation

- Supply safe drinking water
- Establish water and sewerage facilities in farming and fishing villages
- Improve water quality
- Restore ecological streams
- Expand sewage recycling and guarantee sustainable fresh water supply

7. Affordable and clean energy

- Improve energy efficiency
- Renewable energy power generation
- Increase the proportion of new & renewable energy
- Provide winter heating support to the energy underprivileged

8. Decent work and economic growth

- Create many quality jobs
- Support startup innovation and increase financial accessibility
- Support youth employment
- Establish a safe work environment
- Promote sustainable industries

9. Industry, innovation and infrastructure

- Build sustainable infrastructure and expand financial and technical accessibility
- Strengthen digital information accessibility of the underprivileged
- Improve financial service accessibility for SMEs
- Provide financial, technical, and infrastructure support to developing countries

10. Reduced inequalities

- Prohibit discriminatory laws, policies, and practices, and guarantee equal rights to all stakeholders
- Increase the income of the low-income class
- Reduce the employment rate gap between groups, including age, gender, and disability

11. Sustainable cities and communities

- Provide safe, reasonably-priced housing and basic services
- Increase convenience in transportation and movement
- Protect cultural heritage and natural heritage
- Reduce urban environment impact, such as fine dust and wastes
- Secure parks, green belts, and public spaces that are customized for those in demand

12. Sustainable consumption and production

- Expand the eco-friendly consumption foundation and enhance market competitiveness of green products
- Sustainably manage and efficiently reuse resources
- Minimize loss of sustainability in the production, distribution, and disposal process
- Establish a foundation for sustainable development education
- Build a virtuous product cycle, including for plastics

13. Climate action

- Strengthen resilience and adaptability toward climate-related risks and natural disasters
- Ease climate change, adapt, reduce impact, and enhance early warning system and capabilities
- Reduce GHG emissions

14. Life below water

- Protect and improve the marine environment
- Prevent ocean wastes, pollution, and acidification
- Expand tidal flat ecosystem restoration projects
- Support small-scale fishing businesses
- Expand marine science R&D

15. Life on land

- Build and manage forest resources and restore forests
- Preserve endangered wild animals
- Stop deforestation and prevent land degradation
- Preserve the terrestrial and inland freshwater ecosystem

16. Peace, justice, and strong institutions

- Prevent all forms of violence, including sexual abuse and child abuse, as well as death, and protect victims
- Reduce illegal funds and arms trade
- Reduce corruption and bribery
- Guarantee the public's information accessibility
- Strengthen digital human rights protection

17. Partnerships for the goals

- Strengthen policy consistency for sustainable development
- Strengthen developing countries' capabilities in implementing SDGs
- Global partnership for implementation of sustainable development goals

March 2023

Jeong Young Chae
President & CEO, NH Investment & Securities

Tax Policy

NHIS understands that compliance with tax laws and responsible, transparent tax payments that go beyond observance of laws is an important factor in contributing to national finance, enhancing shareholder value, and maximizing stakeholder profits, and that it is a fundamental condition that needs to be met for the company's long-term growth. We have therefore established tax rules and policy, and pursue cooperative, constructive relations with taxation authorities for faithful implementation of our tax policy. We make transparent tax payments and disclose relevant information according to the following rules.

Principles on Tax

- We recognize that compliance with tax laws and transparent tax payments are important parts of management.
- We faithfully report and pay taxes in accordance with responsible tax rules.
- We do not abuse differences in tax laws among countries to avoid taxes.
- We evaluate the adequacy of transfer price in accordance with the arm's length principle in transactions with persons with special relationship.
- We avoid use of tax structures for the purpose of avoiding taxes, and do not manage a legal entity at tax havens where sharing of tax information is impossible and where we do not have any economic activity.
- We make utmost efforts to fulfill cooperation obligations that are stipulated in tax laws to maintain constructive and cooperative relations with taxation authorities.
- We conduct preemptive management and monitoring to reduce tax risks.
- We document and store tax reports, documentary evidence, and materials related to decision-making on accounting issues.

Disclosure of Tax Payment Information

In Korea, we responsibly disclose income tax-related details through an audit report which is available on the Financial Supervisory Service's electronic official notice system (Dart.fss.or.kr). Disclosed content includes the following.

1. Accounting criteria for calculating income taxes
2. Deferred tax asset and liability details
3. Composition details regarding temporary differences
4. Income tax expense composition details and tax rate information

In addition, through our annual Integrated Report and Auditors' Report, we disclose revenue and tax payment amount information by country, the difference between the valid tax rate and statutory tax rate of income taxes, and the reason for this difference.

Tax Management Organization

Tax issues are constantly monitored at the working level across all businesses. When an issue is identified, an additional review is conducted by the financial department with expertise for a CFO report process. For any significant tax issues, a prudent review process after an outside expert's advice is carried out, and the issue may be brought in to the BOD if necessary.

Base Erosion and Profit Shifting

Global tax regulation is tightened due to increased frequency of international trade and the resulting growing global interest in transfer of taxable income among countries which bears possible cases of tax avoidance. NHIS has a higher tax risk regarding transfer price (arm's length price) of international transactions amid increasing transactions with overseas local subsidiaries. NHIS became keenly aware of the need to review (TP Study) transfer prices in case of international trade with overseas local subsidiaries in 2012. Accordingly, we received professional legal advice in 2014 and carried out an overall review on the transfer prices on overseas trade that occurred between NHIS and overseas local subsidiaries.

Whenever there is a new service contract with an overseas local subsidiary, NHIS' Global Business Planning Department and IB Business Planning Department, which oversee contracts with local subsidiaries, conduct a TP Study in the form of receiving a transfer price review report from a law firm and accounting firm for each contract. In accordance with the international direction and flow of transfer price-related policy, we review transfer prices again for previous contracts if needed. We use the review results as the reference to calculate commissions to reduce domestic tax risks while observing the OECD Transfer Pricing Guidelines. We also promote the appropriate fulfillment of tax obligations based on local tax laws.

GRI Universal Standards Index

Universal Standards

GRI 2 : General Disclosure

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GRI 303: Water and Effluents	303-3	Water withdrawal	Material Issue	104
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GRI 400 : Social Performance

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GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Material Issue	81
	405-2	Ratio of basic salary and remuneration of women to men		72
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken		86
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GRI 411: Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples		112
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Material Issue	34-35, 76-78
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GRI 417: Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications		112-113
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Employee Diversity & Inclusion

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	At NHIS, we do not tolerate any discrimination in our hiring and/or performance evaluation procedures. On "pages 71 and 106," we disclose, in detail, our diversity indicators, including gender and the number of socially disadvantaged employees. Relevant policies and initiatives on this matter are also specified within.

Incorporation of ESG Factors in Investment Banking & Brokerage Activities

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry		
FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	(1) Number of products, (2) KRW million	
FN-IB-410a.3	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	N/A	NHIS created the ESG Committee (March 2022) to implement the "ESG Transformation 2025" vision of NH Financial Group and to strengthen the ESG management system. The Sustainability Council handles ESG-related discussions, while the ESG Department manages ESG execution tasks. In addition, we established the environmental and social investment policy to preemptively manage our financial activities' impact on the environment and society. We are making comprehensive investment judgments through non-financial analyses that are based on ESG standards that we stipulated. Relevant details can be found on pages 41-43. The Risk Management Group is exclusively in charge of NHIS' risk management. It manages financial risks as well as environmental and ESG risks, which are non-financial risks, and operates five decision-making organizations for effective risk management. Detailed information on risk management can be found on pages 87-88. NHIS created the Carbon Finance Team (January 2023), which is dedicated to carbon emissions, to respond to climate change and practice coal-free finance.

Category			No. of products	Amount (KRW million)
Underwriting & Arrangement	GHG reduction		7	998,300
	Resource circulation		3	238,400
ESG Fund Sales	New Deal		3	1,110.71
	ESG		21	28,380.32
	SRI		4	1,468.49

Category			No. of products	Amount (KRW million)
Green Finance	Sustainable agriculture, forestry, and fishery industries	Korean ETF	2	7,097
		Other securities	1	1,868
	New & renewable energy and energy efficiency	Korean ETF	28	25,802
		Overseas ETF	7	2,144
		Collective investment securities (others)	9	132,076
		Foreign currency securities	1	1,411
		Other securities	12	54,635
		Callable bond	1	50,000
		Corporate credit offering	25	674,925
	Pollution prevention and control	Collective investment securities (others)	2	23,584
		Corporate credit offering	1	30,000
	Other eco-friendliness	Collective investment securities (others)	3	137,234
		Other securities	6	36,161
		Corporate credit offering	4	86,633
CSR	Public services, including healthcare and education	Korean ETF	15	17,376
		Overseas ETF	3	8,032
		Foreign currency securities	2	6,744
		Other securities	26	43,899
		Corporate credit offering	10	101,827
	Infrastructure for vulnerable groups	Korean ETF	1	692
		Corporate credit offering	18	67,019
	Socio-economic entities	Korean ETF	13	11,821
		Collective investment securities (equity type)	1	3,000
		Other securities	1	105

Business Ethics

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	KRW	There was no monetary loss from violation of financial market laws in 2022.
FN-IB-510a.2	Description of whistleblower policies and procedures	N/A	NHIS operates internal·external reporting systems through various channels. Relevant detailed policy and procedures are disclosed on pages 86, 112-113. Reports can be made using diverse methods, including face-to-face meetings, mail, phone, fax, and website report centers. After a report is received, the Compliance Officer is in charge and conducts an investigation. Matters related to violators are sent to the HR Department and the Auditing Department for prompt and strict handling of the matters.

Professional Integrity

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	(1) Number of persons, (2) Percentage (%)	In 2022, there was no employee reported to have violated financial laws and/or regulations.
FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Number of cases	We disclosed the number of reports that were received through NHIS reporting channels and cases of regulation violations in the last three years on pages 112-113. We conduct thorough investigations on internal regulation violations and take follow-up measures to prevent recurrence.
FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	KRW	There was 0 ongoing legal proceedings in 2022. We will continue to transparently disclose relevant matters.
FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	N/A	NHIS strives to fulfill all ethical responsibilities that are recognized as the social norm, including economic and legal responsibilities. Our policies on professional integrity and ethics are stated in the Code of Conduct and Code of Ethics to promote the compliance. Our commitment to internalizing ethical awareness can be found on page 85.

Activity Metric

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-000.A	Number and value of transactions (classification by underwriting/advisory/securitization transactions) * In case of syndicate transactions, only areas that fall under NHIS were reflected	Number of cases, KRW billion	IPO underwriting: 15 cases, KRW 420.8 billion Corporate bond underwriting: 197 cases, KRW 6,072.9 billion Rights issues underwriting: 19 cases, KRW 2,330.0 billion Financial advice on corporate acquisition/sale: KRW 18.2 billion

Systemic Risk Management

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points(bps)[1]	N/A
FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	N/A	NHIS conducts an integrated crisis analysis on a half-yearly basis. Our integrated crisis analysis consists of five steps: “scenario setting-risk estimation-profit and loss analysis-capital ratio analysis-reporting and utilization.” The analysis results are reported to the Risk Management Committee and applied to business management/capital/fund and risk management plans. The crisis stage of capital adequacy and internal capital is determined in consideration of risk factors (default rate, loss rates in case of bankruptcy, credit conversion rate) that fluctuate depending on changes in macroeconomic indicators. In case of liquidity, we consider liquidity squeeze. The crisis determination index implements an action plan according to the crisis stage (caution-alert-severe) identified by using the results of a crisis analysis conducted based on the 1st Year Deterioration Scenario. Capital adequacy is improved through risk-weighted asset allocation, management plan and performance goal adjustment, and capital expansion by stage. In case of liquidity crises, we strategically respond to a crisis by operating a crisis response organization, issuing corporate bonds, and considering securitization. Before selecting a scenario, we consider the economic condition and select scenario-setting variables in consideration of major risk factors, after which a categorization is made into “internally defined scenarios (criteria based on the possibility of future risks)” and “historical scenarios (based on actual events)” per crisis stage. A basic, exacerbation, and serious scenario is applied depending on the magnitude and severity of the situation, and the scenario-setting method is categorized based on model estimation and subjective judgment. However, subjective judgment is excluded as much as possible in basic scenario-setting. Setting of a basic scenario: Set by using the VaR (Value at Risk) model estimation and variance-covariance matrices of each variables’ error terms Selection of exacerbation and serious scenarios: Assumptions are added upon the basic scenario to establish exacerbation and severe scenarios. Assumption is based in case of multiple shocks on private consumption expenditure and exports of goods and services complexly interact. For any variables strenuous to reflect shocks under the model, normal(n) distribution standard deviation shocks are assumed. * Indices that are not included in the GDP estimation model, such as the housing sale price index and KTB yield, are estimated using the SVR model. In case of KRW and foreign currency liquidity crisis scenarios, we use a liquidity crisis scenario reported to the internal Risk Management Committee. The LCR2) criteria are used as the basic scenario, with the additional application of a scenario that assumes internal crisis, market crisis, and coupled crisis.

[1] Basis Points (bps): As a basic unit used for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

[2] LCR (Liquidity Coverage Ratio): A short-term liquidity indicator (amount of high liquidity asset holdings/net cash outflow of the next 30 days) set in Basel that requires the retention of high liquidity assets necessary for bank survival for 30 days even in severe crisis situations for the purpose of increasing a bank’s short-term resilience

Employee Incentives & Risk Taking

Code	Disclosure	Unit of Measure	NHIS Response
FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Percentage (%)	In order to prevent the performance-based compensation of the executive in charge of risk from being linked to the company's operational performance, a deferred portion (50%-60%) is being paid* in cash. * Regular executives are compensated in correlation with the company's stock price
FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	Percentage (%)	NHIS has established regulations concerning performance-based compensation measures applicable to all executives (there is no separate ratio exclusive to MRTs), and in the event that deductions or recovery measures are necessary, they are carried out through the resolution of the Compensation Committee.
FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities3)	N/A	NHIS sets evaluation criteria for financial products and applies them for risk identification and evaluation to manage risks, including financial products retained by the company and trading positions4). The division in charge of evaluation chooses input variables used for financial product evaluation, evaluation models, and other information used for evaluation by holding discussions with trading divisions and regularly updates them. The division responsible for evaluation can change the fair value level based on its own decision depending on changes in the market where market information is traded and the degree of significance to fair value. In case of previously-issued products, the level can be changed after reviewing rationality through an agreement with the finance division. The evaluation principles observe the Korean International Financial Reporting Standards (K-IFRS). NHIS' issued products of marketable securities, including derivative linked securities, reflect their credit ratings and apply the NHIS curve per issuance currency. For other products, the interest rates of the respective currency and currency swap curve are applied. In circumstances where exchange rates must be considered, the spot exchange rate is applied for the evaluation exchange rate, and the basic rate of exchange is applied as the conversion rate. Credit Risk Adjustment (CRA) is applied to all over-the-counter derivative products transactions of our counterparties and is determined in consideration of the credit risks of NHIS and counterparties. If the valuation is a positive number, credit risks of counterparties are reflected. If the valuation is a negative number, NHIS' credit risks are reflected. The amount of CRA is calculated using the below calculation formula per netting agreement and allocated by transaction. **EL (Expected Loss)=EAD (Exposure At Default) X PD (Probability of Default) X LGD (Loss Given Default)** • EAD: It is determined by adjusting the estimated collateral value from the sum of the evaluated amount per netting agreement. • If the evaluated amount is a positive number, then Max (evaluated amount-estimated value of receivables taken as collateral, 0). • If the evaluated amount is a negative number, then Min (evaluated amount-estimated value of collateral payment, 0). • Estimated collateral value is calculated in accordance with BIS standards, with positive numbers applied for value of receivables taken as collateral and negative numbers applied for estimated value of collateral payment. • When determining PD, the common credit rating of a holding company will be applied with priority in case of a counterparty's credit rating. If there is no common credit rating of a holding company, an external rating will be converted and used. If there is no rating, BB+ will be applied. • In terms of PD use, the expiration cannot be specified because calculation is based on summing up transactions at the netting agreement unit. As such, the 1-year PD corresponding to the credit rating of the counterparty is used from among PDs calculated by the holding company. • 45% is used for LGD (Loss Given Default). • When the CRA amount calculated per netting agreement is allocated to individual transactions, it is based on the BIS Current Exposure's add-on amount ratio.

[3] Level 3 assets and liabilities: Assets and bonds whose values are determined according to the company's subjective judgment because value measurement is difficult due to extremely low liquidity or the absence of a vitalized market of the product

[4] Trading position: Refers to the positions of financial products owned with a trading intent or for other trading position hedging

UNGC

In September 2011, NHIS joined the United Nations Global Compact (UNGC) to support and ensure compliance with the Ten Principles set in four areas: human rights, labour, environment, and anti-corruption. The activities we engaged in for each principle are disclosed in the pages below.

Area	Ten Principles		Reporting Boundary	Page
Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	Social Part	71
	Principle 2:	make sure that they are not complicit in human rights abuses.	Social Part	71
Labour Standards	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Social Part	73
	Principle 4:	the elimination of all forms of forced and compulsory labour;	Social Part	71
	Principle 5:	the effective abolition of child labour; and	Social Part	71
	Principle 6:	the elimination of discrimination in respect of employment and occupation.	Social Part	71
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;	Environmental Part	54-59
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and	Environmental Part	54-59
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.	Environmental Part	54-59
Anti-corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	Social Part	85-86

UN SDGs

NHIS is committed to sustainable development of the global community by aligning its business operation with the UN SDGs (Sustainable Development Goals).

Category		Principles	NHIS Activities	Page
	Goal 1	End poverty in all its forms everywhere	• Operated the Social Contribution Group • Building Community Town	76
	Goal 2	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	• Contribution to local communities (Building Community Town) • Opened the “Empathy Store (Smart Store) Special Event” to support farms • Crowdfunding to support small- to medium farms • Farming village community support program	76-78
	Goal 3	Ensure healthy lives and promote well-being for all at all ages	• Family-friendly system • Safety and health policy and management • Employee psychological health program	74-75
	Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Educational scholarship system	72-73
	Goal 5	Achieve gender equality and empower all women and girls	• Expertise and diversity • Diversity and inclusion • Employee diversity • Fair employment and evaluation	71-72
	Goal 7	Ensure access to affordable, reliable, sustainable and modern energy	• Green energy ESG ETN listin	32
	Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Job stabilization and talent recruitment • Employee recruitment and evaluation	72
	Goal 9	Build resilient foundation, promote inclusive and sustainable industrialization, and foster innovation	• Increasing service accessibility for the digitally vulnerable • Digital care service	64, 69
	Goal 10	Reduce inequality within and among countries	• Centenarian University • Supporting various forms of families	63, 74
	Goal 12	Ensure sustainable consumption and production patterns	• Issuing ESG bonds • Operating the Win-Win Receivables Trust System	42-43
	Goal 13	Take urgent action to combat climate change and its impacts	• Environmental and social investment policy • “Let’s Work For ESG” Walking Campaign Towards 6.1 Billion Steps	41, 56
	Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.	• Foundation for implementing NH ethical management • Strengthening the ethical management	85-86
	Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	• Joined the United Nations Global Compact (UNGC) • Association membership	131, 137

Third-Party Assurance Statement

To readers of NH Investment & Securities Sustainability Report 2023

Introduction

Korea Management Registrar (KMR) was commissioned by NH Investment & Securities to conduct an independent assurance of its Sustainability Report 2023 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of NH Investment & Securities. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with NH Investment & Securities and issue an assurance statement.

Scope and Standards

NH Investment & Securities described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Material Topic standards
  - GRI 205 : Anti-corruption
  - GRI 206 : Anti-competitive Behavior
  - GRI 401 : Employment
  - GRI 404 : Training and Education
  - GRI 405 : Diversity and Equal Opportunity
  - GRI 418 : Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of NH Investment & Securities’ partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by NH Investment & Securities to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by NH Investment & Securities to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with NH Investment & Securities on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

NH Investment & Securities has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

NH Investment & Securities has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

NH Investment & Securities prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of NH Investment & Securities' actions.

Impact

NH Investment & Securities identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021·2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with NH Investment & Securities and did not provide any services to NH Investment & Securities that could compromise the independence of our work.

May 2023 Seoul, Korea

KMR SRV1000 Sustainability Committee Assurance

AA1000 Licensed Report 000-129/V3-9MXKH

CEO E. J Hwang

Greenhouse Gas Assurance Statement

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by NH Investment & Securities Co., Ltd. ("NHIS") to verify the NHIS's Greenhouse Gas Inventory Report ("the report") in the calendar year 2022, based upon a limited level of assurance. NHIS is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals)', 'WRI/WBCSD GHG Protocol:2004', 'Corporate Value Chain (Scope 3) Accounting Standard Accounting and Reporting Standard' and '2006 IPCC Guidelines for National Greenhouse Gas Inventories'. Our responsibility in performing this work is to the management of NHIS only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The reported emissions cover Direct emissions (Scope 1), Indirect emissions (Scope 2) and Other indirect emissions (Scope 3) from NHIS boundary of the report;

- Organizational Boundary: Headquarters and Branches (including IDC center, Human Resource Institute and company daycare center)
- Operational Boundary: Scope 1 (Stationary and Mobile emissions), Scope 2 (Emissions from Consumption of Electricity and Heat), Scope 3 (Purchased goods & services (Water Use), Capital goods (Office paper and issuing Debit Cards), Domestic business travel and Overseas air travel)

Verification Approach

The verification has been conducted by DNV in May 2023 and performed in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019 (Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions)'. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO2 equivalent.

As part of the verification process;

- We have reviewed and verified the NHIS' GHG inventory report (Excel based tool)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG Emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions of NHIS in the year 2022 below.

Greenhouse Gas Emissions of NHIS for Yr 2022

Unit: ton CO_2 equivalent.

	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Other Indirect emissions (Scope 3)	Total emissions
NHIS	1,074.577	6,306.785	437.664	7,819

* In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO_2-eq
* Total emissions = Direct emissions (Scope 1) + Energy indirect emissions (Scope 2) + Other indirect emissions (Scope 3)

24 May 2023
Seoul, Korea

J.S. Lee

Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

2022 Awards

Date	Hosted by	Award
Jan. 11	Hankyung Business	2021 2H Best Research Securities Firm
		2021 2H Best Corporate Business
Jan. 12	Yonhap Infomax	The 11th Yonhap Infomax Financial Awards - Best Research House (ESG)
Jan. 26	thebell	2022 Korea Capital Markets thebell League Table Awards –Best Financial Bond House
		2022 Korea Capital Markets thebell League Table Awards – Best Bond Deal (SB)
		2022 Korea Capital Markets thebell League Table Awards – Best Bond Deal (ABS)
		2022 Korea Capital Markets thebell League Table Awards – Best Rights Offering
		2022 Korea Capital Markets thebell League Table Awards – Best Equity Deal
Jan. 27	Money Today	The Best ECM Management Firm of the Year at the 19th Korea IB Awards
Jan. 28	Chosun Ilbo, FnGuide	Best ESG Research Securities Firm
Feb. 08	e Daehan Economy	e Daehan Economy Real Estate IB Grand Prize
Feb. 15	The Korea Economic Daily, Market Insight	The 13th Korea IB Awards – Overall Grand Prize
Feb. 23	the bell	2022 Korea Wealth Management Award Derivative Linked Securities Category – This Year's Derivative Linked Securities
Mar. 15	Maeil Business Newspaper	2022 Maekyung Securities Awards – M&A Category Award
Mar. 29	Newspim	10th Newspim Capital Market Award in 2022 – Best Innovative Finance Award (Best IB (Alternative Investment))
Apr. 14	Hannover Exhibition Center in Germany	Gold Award at iF Design Award 2022 in Germany – UX Category – Bright
		Gold Award at iF Design Award 2022 in Germany – UI Category – Gretell
		Gold Award at iF Design Award 2022 in Germany – Communication Category – Rewind
		Gold Award at iF Design Award 2022 in Germany – Service Design Category – Groo
		Gold Award at iF Design Award 2022 in Germany – UI Category – Groo
Apr. 20	MoneyS	2022 Korea Leading Financial ESG Awards – Best Prize in Securities & Asset Management Sector
Apr. 26	edaily	2022 edaily Financial Investment Awards – Grand Prize in the Digital Innovation category
Apr. 29	Ministry of Economy and Finance	Institutional commendation for 2021 2H Outstanding PD Commendation (NHIS)
May 10	Herald Business	2022 Herald Capital Markets Awards – Asset Management Grand Prize
May 27	Hankyung.com	2022 Korea Mobile Awards – Gold
May 27	ESG Happiness Economy Research Institute	ESG Korea Awards – ESG BEST Securities Firm Sector Grand Prize
Jun. 09	Maeil Business Newspaper, Korea Fund Ratings	8th Retirement Pension Awards – Grand Prize in the Securities Category
Jun. 16	Money Today	2022 Money Today Korea Analyst Awards – Overall 3rd place
Jul. 19	Hankyung Business	Grand Prize at 2022 1H Best Securities Firm Awards
		2022 1H Best Corporate Business
Sep. 28	Ministry of Science and ICT	9th Korea Big Data Award – Financial Sector Grand Prize in the Business Category
Sep. 28	Asia Today	Asia Today Financial Awards 2022 – Best Prize in ESG Management in Capital Markets
Oct. 25	Asia Economy	2022 ASIA SMART TRADING SYSTEM AWARDS – GRAND PRIZE (CUSTOMER-FRIENDLY CATEGORY)
	Ministry of Economy and Finance	INSTITUTIONAL COMMENDATION FOR 2022 1H OUTSTANDING PD COMMENDATION (NHIS)
Oct. 27	MTN	Centenarian Pension Savings Account – Korean Academy of Financial Consumers President Award
Nov. 01	Herald Business	4th Herald Investment Awards – Best Investment Analysis (Overseas)
Nov. 02	Money Today	10th Best MTS Award – Grand Prize
Nov. 23	Ministry of Employment and Labor	2022 Work-Life Balance Conference – Excellent Work-Life Balance Practice Company
Nov. 23	edaily	2022 edaily Good Jobs Awards – A Company Where Working Women Are Happy
Nov. 24	Korea Economy TV	2022 Global Financial Award – Overseas Stock category
Nov. 28	E-Today	12th Market Leader of the Year – Excellence Award in the MTS category
Dec. 06	Asia Economy	2022 Asia Capital Investment Awards – Grand Prize in the custody category

Association Membership

Korea Chamber of Commerce and Industry	Compliance Council	Korea Securities Law Association	Federation of Middle Market Enterprise of Korea
Seoul IB Forum	The Institute of Internal Auditors	Korea Developer Association	Korea Bigdata Society
FOREX CLUB Member Firm	UN Global Compact	Global Finance Society	Insolvency Law Institute of Korea
Korea Employers Federation	Seoul FX Market Operation Council	Capital Market Institute	Korea Emissions Market Association
Baby Bond Members Council	PEF Council	Korea Investor Relations Service	The Korea Society of Management Information Systems
Securities Friday Group	Korea Exchange	Seoul Economist Club	GHG International Reeducation Industry Association
Korea Listed Companies Association	Korea Venture Capital Association	Korea Association of Real Estate Investment Trusts	
The Federation of Korean Industries	Retirement Pension Development Council	Korea Capital Market Institute	
Company Audit Association	Korean Pension Association	Seoul Finance Forum	